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# The AMERICAN JOURNAL of ECONOMICS and SOCIOLOGY

Published QUARTERLY under grant from the Robert Schalkenbach Foundation in the interest of constructive synthesis in the social sciences.

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VOL. 5

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## The Failure of Industrial Strikes

By FRANCIS NEILSON

WE HEAR MUCH during a war about the imponderables that confound the imagination of politicians and soldiers—the unfathomable problems that arise day by day, which affect the plans and strategy of the contending forces. These disturbing factors are regarded as emanations that come in the ebb and flow of war. But so far no one seems to have considered that the imponderables of peace might easily thwart every aim for which we were supposed to be fighting.

When the first World War came to a close, the victorious Allies soon discovered that they were in no way prepared for the peace. In both Great Britain and the United States, to look no farther afield, there appeared grave problems that have not yet been resolved in either country. These affected the condition of labor everywhere. The internal trade, the foreign commerce, and the finance have not yet recovered from the impact of converting peacetime industrial functions to those of warlike preparations and the production of munitions. In this process the dislocation of labor was to be reckoned as an imponderable which would sorely trouble the minds of legislators and labor leaders. Moreover, the sudden change from prosecuting a war to returning to peacetime

pursuits created difficulties which only time itself could resolve. One remarkable feature most noticeable to the keen investigator after the last war was a disinclination on the part of great sections of labor which had been drafted into the munitions factories to return to work of any kind. This complicated the matter of reconversion and the starting of new industries. Let these instances be sufficient for our present purpose to remind us that the situation today is far worse than it was at the end of World War I.

## I

LITTLE OR NO REFERENCE has been made to the crisis through which Great Britain is now passing. Recently Emanuel Shinwell, Minister of Fuel and Power, warned the people of the parlous state in the coal-mining industry. He presented figures showing that there was a disinclination on the part of the miners to return to work, and that the production of coal was falling lower and lower. Reports from Great Britain also indicate that absenteeism is a practice indulged in by armies of men who are war-weary. When we learn that the midweek soccer-football games have been abandoned because they were considered an attraction which fostered absenteeism, the gravity of this feature may be appreciated by those who know the working classes of Great Britain and their desire for sport. These midweek games in the years past were a relief enjoyed by hundreds of thousands of laboring men.

Whether the stoppage of the games will do much to overcome absenteeism is doubted, for war-weariness is something that cannot be cured by merely depriving one afflicted with it of his relaxation and enjoyment of sports. For the ailment is the result of the tension and pace under which he has labored in the prosecution of a war for patriotic purposes—purposes which to him terminate when peace is declared.

In one of the reports from a mining district a newspaper records a conversation between the journalist and a miner: "I'll lay off for a bit for I've saved a few pounds, and I've had no whippet racing for nigh on six years." The statement expresses clearly the thought of many of the men.

In this country war-weariness was most noticeable in many branches of industry long before the war came to an end. The government had to threaten and, in some cases, take over plants where strikes were imminent and the output of necessary munitions might be gravely affected. People had been working at the top of their bent and, when the strain began to tell upon them, they naturally desired a rest. The evidence of war-weariness here was patent in the autumn of 1944. At that time preparations should have been made for the period when the munitions plants would shut down and re-conversion to peacetime production be begun—preparations based on the idea not only of retaining those who had labored during the war in the factories but also of absorbing as many of the discharged men as possible. However, nothing was done, and the situation that faces us today is to some extent due to the neglect of government to learn from the past and prepare for the future.

## II

TO WHAT EXTENT we in the United States can attribute the widespread strikes which have afflicted us in recent months to war-weariness cannot be estimated as simply as the British Government has done. It has been pointed out that the workers in this country have been able to save from war wages far more than the British worker. Whether the trade unionist here is in a better financial position to strike or not makes little difference in the matter of trying to understand the situation because there are elements at work here which do not exist in Great Britain. There, labor has the govern-

ment it desires. Here, the situation is quite different, for there is no great political party representative of labor. It is true that the old policy of Samuel Gompers has been threatened with destruction for many years. Whereas he maintained that the workers could do better by forcing their demands through trade unions and abstaining from participation in political organizations, today we find that there are many different parties opposed to the two old ones, contending for political power, not only in local areas but in national affairs also.

We hear much about the Communist party within the ranks of labor. How many Socialist parties there are it is hard to tell. Their strength as political antagonists against the present rule can only be guessed by the effective work they do as lobbyists in Washington.

Therefore, the conditions here are quite dissimilar to those in Great Britain.

According to a *New York Times* summary of the preliminary estimates of the Bureau of Labor Statistics of the number of workers involved in work stoppage during January, 1946, we learn:

The number of workers involved in the 325 strikes in January, 1946, was 1,400,000 as compared with 46,000 workers involved in 235 strikes in January, 1945. The man-days of idleness in January, 1946, were 19,200,000 as compared with 184,000 in January, 1945.<sup>1</sup>

### III

THE ISSUES, as they are placed before us by labor leaders and politicians, are concerned with (1) a decent living wage; (2) the American way of life; (3) the representation of labor in industry; and (4) special privileges with regard to the direction, management, and political power of the unions. These issues which are thrust before us from time to time, however, are only part of the strategy of the two great

<sup>1</sup> March 1, 1946, p. 2.

unionized bodies of the workers. There is a bitter struggle taking place between the two foremost ones, and this last feature of the strikes is assuming an importance which only a few realized a month or two ago. It is unnecessary at this time to deal with issues (3) and (4) because they are questions which must be determined one way or the other, strike or no strike.

For several weeks the headlines in the newspapers reporting upon the strike areas have directed the reader's attention to the demand for higher wages. Day after day when we opened our papers the first thing that caught our eye most likely was the figure 18½ cents. Such was the basis upon which the demand for higher wages stood at the end of long and acrimonious dispute. This was a compromise, for some of the demands began at a 30 per cent increase.

It was in the nature of things that the directors of the companies under the restrictions of the Office of Price Administration, in turn, should ask permission to raise the prices of their products. In two or three cases the government consented to lift the ceilings so that the manufacturers might recoup some of the losses entailed by the rise in wages. Although it was pointed out that the country stood in danger of a rapid inflationary trend that might cause havoc, concessions were made in this direction by those who said they feared inflation most. The contradictory policies were accepted because something had to be done to get the men back to work and produce the supplies the people had been denied for four years.

It is a strange way to attempt to raise wages by increasing the cost of living. Surely it must be plain to the lowest-paid laborer that if the products that are necessary for the maintenance of the American way of life cost more, the purchasing power of the dollar falls. When his wife buys the commodities for stocking the larder for the week, it is small

consolation for her to learn that the rise in nominal wage he receives after the strike buys little more than formerly. However, so long as consumers are not economically minded, this stupid game will be played. The time was when women reckoned wages in the amount of necessaries they carried home in the market basket. Indeed, I remember when the weight of the market basket was the index of purchasing power. It still is, but unfortunately the purchasers do not know it.

No one seems to understand this better than the labor leaders themselves, for if anyone is curious enough to find information on this point it can be read in the testimony given before Congress. When Philip Murray, President of the Congress of Industrial Organizations gave evidence before the Senate subcommittee on wartime health, he revealed a state of affairs in the iron and steel industry, concerning the wage of the workers and their expenditure upon living, which shocked his hearers. He took the case of a man who received \$817 during the three-months' period under review and spent \$893. In his testimony I find the following:

There are no extravagancies in this report, no indication of inflationary spending; this fellow worked 48 hours a week over a 3-months period and at the end of it found himself about \$75 in the hole. He is one of the higher-priced fellows in the steel industry.

There were many other cases presented in the evidence given before the Senate subcommittee. No one seemed to think it was worth while to remind Mr. Murray that the strikes that have taken place in the iron and steel industry, no matter what the increase has been in nominal wage, have not raised the purchasing power or enabled the worker's family to enjoy the fullness of the American way of life.

#### IV

ONE FACT STANDS OUT in all its cruel blatancy: each new strike is an indication of the failure of its predecessor; that

is, so far as an increase in *real* wage is concerned. True, strikes have brought about improved conditions in the factories and shorter hours, but so far as bettering the economic position of the worker and his family, strikes have been a signal failure. So long as man has no alternative and hunger drives him into the labor market, he will be the victim of the economic conditions that he maintains, whether he knows it or not.

It is not peculiar that the man striking for higher nominal wage should overlook the fact that he is a consumer. His present need is the dominant which actuates him. If he cannot make both ends meet, he is obliged to adopt the only course that seems to lie immediately open to him. In the main, he considers if the strike ends in an increase in nominal wage he has remedied his condition. But prices mount and the whole body of consumers is affected to such an extent that within a few months complaints are heard of the rise in the cost of living and that the time has come for another strike. It is not realized that when wage loses its purchasing power there is less demand for commodities and, hence, less demand for labor. So the vicious circle is persisted in year after year, generation after generation. Here and in Great Britain strike as a method of raising *real* wage has not yet scored one success since the low-tariff days.

How long this state of affairs will continue depends entirely upon the men themselves, as consumers, not merely as members of a trade union. The consumers form a body that has one specific aim: to purchase their requirements in the best and cheapest market. They want as much for their money as they can obtain. No one likes to pay more for a commodity than it is worth. The working men with whom I am familiar patronize the stores where they find the commodities they desire at prices that fit their budgets. The well-to-do, who patronize the shops where they get the best

goods at the highest prices, could not keep industry moving for a week on the purchases that they make. Industry—all the way from the primary one of agriculture up the pyramid to those pursuits which supply a little added comfort to the middle-class home—is kept moving by the tens of millions of people whose wage is below five thousand dollars a year. Here we find the great mass of consumers who keep the farms and factories supplying their needs. Once this body suffers from a reduction of purchasing power, the whole economic structure, including the richest classes, is affected.

## V

IS THERE NO WAY OUT of this preposterous labyrinth, which seems to lead nowhere? Is the conflict solely one between labor and capital? In these disputes have we not overlooked a factor which is the main cause of our woe? No labor leader seems to have the wit to deal with the iniquity of the cost of government and its effect upon the wage question. One has only to look at the official figures of the national debt to realize that both labor and capital are supporting a system which threatens to tax industry out of existence. No labor leader has suggested in any of the investigations that I have read about in the reports of Congress that, if government would do what was done after the last war—reduce debt, balance the budget, get rid of the parasitic bureaucrats, and restore normal conditions—the gain to labor would be immeasurable (if another war were not begun). Government can get its revenue only from one source—from the wealth produced by labor and capital. There is no El Dorado in the backyards of politicians in Washington. They toil not, neither do they spin, neither do they delve nor plant.

Moreover, it is not only a matter of the taxes that are taken from labor and capital; it is the power used by the parasites to hamper production by restrictive laws and to interfere

with the processes of production. Unfortunately, neither business men nor trade unionists take seats in the House of Representatives or in the Senate. A man of commercial affairs would be a *rara avis* there. Our Congress is a body of lawyers, many of whom, as Burke Cochran said, "find an easier living there than waiting in an office in the home town for a client to bring in a case."

Perhaps it is too much to hope that labor leaders will return to the real crux of the matter and advocate a fundamental change in the fiscal system. There was a time in this country and in Great Britain when labor leaders were for the most part old-fashioned Radicals who believed that there would be no change for the better until man had an alternative to entering the labor market. They realized that a fiscal system which taxed wealth was inimical to the interests of the producers. That time disappeared after the last war.

Here in this country the interest in fundamental economics was lost when McKinley was elected on a high-tariff program. It is a sad exercise for those who remember the McKinley-Bryan fight to read the promises made to the electors by the protectionists and then regard the extraordinary problems that prevail today. All the rosy hopes of a full dinner pail, of ideal conditions for the laboring man, of a high standard of living and a smooth path through the American way of life sound now like so much mockery. And, yet, there are millions of people in the country who imagine that if they can get more and more of the evils that afflict us, something good will come of it.

How is the problem to be solved? The answer to this question has been given over and over again, but little progress has been made in the direction that has been suggested. "Make labor scarce!" was the old cry, and as far back as the middle of the last century, the workers of Great Britain were quick to realize what Cobden meant when, in the House of

Commons, he said: "The labor question? Its solution? That is simple. It amounts to this: *two men for one job, low wage; two jobs for one man, high wage.*" What Cobden did for the removal of the iniquitous Corn Laws, he advised his successors to do for the removal of the fiscal system which had for its main purpose the taxation of wealth.

## VI

THERE IS ANOTHER MATTER that is worth consideration at this time (indeed, at any time), and it touches directly the spiritual stagnation into which the laboring classes have fallen. How is it to be expected, in the distressing complications of commercial, industrial, and financial affairs which afflict us, that there is any probability of change unless men give their minds to the study of these problems? As a young man I grew up in the period when the only attractions for the laboring man were night schools, literary and debating societies, and lectures. There was then a desire to know, and I think that political sagacity was at its highest. If anyone should doubt this, I would suggest that he read the political pamphlets published during the first three quarters of the nineteenth century, and ask himself if the laboring classes of today, after all the expenditure on education, are capable not only of understanding the subject matter, but even of evincing an interest in what they read.

Think of the men of that period who spoke to the masses! They were the leaders in science, politics, religion, and art, and their addresses to the working men are models of literary perfection. Small wonder, then, that the heavy impositions of the Hanoverian dynasty were removed from the backs of the workers. No wonder a laboring man could sit at a breakfast table free of tariff duties! Still, he was far from the threshold of a Utopia. But most of them knew how far they had yet to go to reach it. Alas, war destroyed all chance of

his progress toward his goal, and now the prospect is black indeed.

What other solution is there? Has anybody ever thought of one? Has any politician of our time suggested a course to be pursued that would enable the toiler to enjoy the product he produces? Perhaps this is asking too much, but putting it on a very different scale—is there a politician in all the west who has an idea to offer that is worth a moment's consideration? Does this mean that conditions are hopeless, that the burden of woe must be borne until the backs of the workers break? It would seem so, for strike without knowing the reasons that make it seem necessary, without knowing how to benefit by it, seems the settled policy of labor unions. Not until men understand wherefore they strike and what should be remedied by their action will they be free to enjoy the fullness of their labor.

*New York*

## Peace Breaks Out

"AND THEN PEACE broke out." In these words an English journalist described the beginning impact of post-Napoleonic war problems. As usual, the war period itself was marked by the outward signs of unity and prosperity. Prices were good, business was active, production and employment were high. But "peace broke out" and then came the deluge. It was so after the first World War, too.

Why should anyone be surprised and even unaccountably angry that the story repeats itself today? Hardly had the last war become a certainty when economists, labor, business men and public officials, from the local to the national level, foretold the inevitable event and began to make recommendations for meeting it. Even as we engaged in what we called "Total War," we subtracted enough from that totality to produce several comprehensive plans for transforming the economy from a wartime to a peacetime basis. And that was the trouble. We got several plans, not *one plan*.

But no special interest group is competent to define the general interest, much less to decide upon it. The latter is the business of the people's representatives in Congress. And they did not make the decision. Worse than that, Congress in 1944 even abolished the National Resources Planning Board which of all public agencies was best qualified to define the general interest. With neither definition nor decision the general interest has been expressed in no one plan. Consequently peace has the aspect of something that has "broken out"—a disease or another kind of war. Labor feels that its proper rights can be attained only through strikes; management feels that to open its books to a public fact-finding commission is tantamount to socialization; houses for the veterans of the wars against fascist vermin and slum vermin are unbuilt because there is no people's program; all want the line held firm against inflation but the O.P.A. is publicly whipped every day by special groups who want the line dropped for themselves.

"Ah," you say, "but this is human nature." "But we fought the war to preserve our freedom to make mistakes." Right! On both counts. But how sad! A democracy, especially the democracy that has to make decisions as important as those now confronting America, ought to derive greater benefits from a terrible war than the right to live in confusion. It ought not only to be free; it should be competent to deal with the problems of peace in a manner both constructive and orderly. Differences of opinion will always exist, but democracy must be mature enough, intelligent enough to apply the same self-discipline and energy and agreement to the problems of organizing for peace as it did in organizing itself for war.

BRYN J. HOVDE

*New School for Social Research,  
New York*

## Bolivia—Land of Contrasts\*

By RAYMOND E. CRIST

*Indio que labras con fatiga  
tierras que de otros dueños son:  
ignoras tú que deben tuyas ser,  
por tu sangre y tu sudor?  
Ignoras tú qué audaz codicia  
siglos atrás, te las quitó?  
ignoras tú que eres el Amo. . . .?  
¡Quién sabe, señor!*

JOSÉ SANTOS CHOCANO

BOLIVIA IS A LAND of violent contrasts. The heart of the country is a plateau, most of which lies more than two miles above the level of the sea. Towering peaks, perpetually snow-capped, girdle this bleak plateau land, the *altiplano*, and in their lofty fastnesses repose some of the richest mineral treasures in the world. West of the mountain-fringed *altiplano* stretch the deserts of Perú and Chile, among the driest in this hemisphere, while to the east, moisture-laden winds bathe the mountain front, producing mighty rivers, which meander over the low-lying, densely-forested alluvial plains. These headward-working streams have carved beautiful fertile valleys in the eastern Andes. Here live frugal, hard-working Indians. The plains to eastward have been barely cultivated by man; savage Indians still prowl around, occasionally bagging with bow and arrow a kindly but heedless missionary.

Yet Bolivia, so rich in many natural and human resources, is, by modern standards, one of the most backward regions on the continent. How is this possible? The reasons for the failure adequately to exploit the country to the advantage of the great mass of intelligent people living in it, will be briefly examined in this paper.

\* The field and library work on which this article is based was carried out under the auspices of the John Simon Guggenheim Memorial Foundation (1940-1941) and the Institute of Tropical Agriculture (1944-1945), Mayagüez, Puerto Rico.

## I

AFTER THE SUCCESSFUL TERMINATION of the war with Spain, in the early nineteenth century, Perú and Bolivia (which was formerly Alto Perú), were united into one State, or republic. But cheap and easy transportation—the cohesive force as necessary for welding a country together as lime is to mortar—was nonexistent. The union was short-lived. The frail Bolivian ship of State—it might more appropriately be called a raft—has foundered ever since. Lack of interregional feeling or of a national point of view has been only one of the many barrier reefs. The vast plateau or *altiplano*, some 12,000 feet above sea level, was once the seat of the brilliant Inca civilization. The heartland of the Inca Empire was the basin of Lake Titicaca. The economic, political, and spiritual center of gravity for the pre-conquest Indians was the lake with its bordering fringe of fertile alluvial lands. But in spite of the dictates of geography and of historical precedent, the bone-headed politicians of the early nineteenth century cleft this natural unit, making the lake a part of the boundary line between Perú and Bolivia. But this was not all: the extensive territory of eastern Bolivia, thousands of square miles of tropical rain-forest and savanna, was chronically misgoverned by the grafting politicos of the *altiplano*. They had no desire to go to the province of the Beni or of Santa Cruz themselves, but they could send their poor relations there as governors, state treasurers, secretaries or police chiefs, all of whom lost no time in grafting their way to wealth, fame or notoriety, and forthwith returning to La Paz—or setting out for foreign parts. In more than a hundred years, almost nothing has been done to improve land transportation. Between back-country towns, some of which have contact with the outside world by plane, the ox-cart still is the connecting link.

The thousands of acres of fertile and cultivable land now lying idle in eastern Bolivia and the upper reaches of the

Paraguay River constitute a *Lebensraum* of heroic proportions. Specifically the broad piedmont alluvial plain, paralleling the eastern Andes, and for the most part mosquito-free, could support hundreds of thousands of people at a high standard of living. Yet the experiment which was sponsored by the government at Colonia Ichilo, some 60 miles northwest of Santa Cruz, on the old alluvial terraces of the Yapacani River, where citrus fruits, rice, corn and vegetables thrive, cannot prosper because transportation facilities are lacking. At the same time the mountain Indians, descendants of superb craftsmen, make a precarious living by farming, by working for a pittance in the mines, or by doing odd jobs in the few small urban agglomerations, where competition is literally cut-throat. Bolivia imports enormous quantities of agricultural products and canned foodstuffs from Argentina in spite of high tariffs and transportation costs, largely for the reason that railroad connections exist. Much of the raw material could be produced in the Provincia Santa Cruz if there were roads or railroads on which it could easily and cheaply move to the consuming market. The reason for this anomaly—for this poverty in the midst of plenty—may be found in the social history and the geo-economy of the country.

## II

THE LACK OF NATIONAL CONSCIOUSNESS is brought home by the fact that a person from the Beni or from Santa Cruz calls himself a Beniano or Cruzeño rather than a Boliviano, a result of the territorial isolation which is aggravated by lack of roads. Much has been, and still is, contemplated in the way of road building, but very little has been done. In the entire country there are only sixty Bolivian engineers. In order to reach Trinidad, capital of the province of the Beni, one must cross the massive eastern Andean range at an altitude of 12,000 feet, over a road subject to washouts and landslides,

going as far as the port of Todos Santos on the Cacharo River, and proceeding by boat to Puerto Almacén, on a tributary of the Mamoré River, thence by oxcart or horse to Trinidad. Land transportation is so poor that after the La Paz revolution of December, 1943, the brother of ex-President Peñaranda, his secretary and two ex-ministers were taken to Trinidad by plane and left there in informal protective custody; much as, in the old days, intellectuals with a penchant for dabbling in politics used to be sent by the Czars to a village in Siberia: no prison was needed—climate and terrain served instead.

The highway from the mountain town of Cochabamba to Santa Cruz on the edge of the plains, whither come agricultural products from all over eastern Bolivia, has been under construction for generations, and is admittedly many years from completion. Yet this is an essential link in the transportation net of the country, and it should be extended from Santa Cruz to Corumbá, Brazil, to connect with the Brazilian transportation system. The coffee port of Santos, Brazil, on the Atlantic coast, was, in June, 1943, made a free port for all Bolivian exports and imports. This is nothing but a loud international laugh; for it would take a year to move fifty tons of merchandise from Cochabamba to Santos, and the cost would be fabulous. Even manganese, produced in a Brazilian mine near Corumbá, can be sent down the Paraguay River to Buenos Aires and thence by ocean steamer to the United States, more cheaply that it can be sent overland by rail to the furnaces of São Paulo, Brazil.

Not only is road building held up by the activities of the grafters, who dry up the funds between the Federal treasury and the actual work; the "haves" also work counter to the development of their country—they are monopolists and they receive monopoly prices for their goods. At present it takes

at least two weeks for a fleet of trucks to go from Cochabamba to Santa Cruz, but the trip *can* be made, and merchandise so handled doubles in value. Truck owners are naturally not anxious to see a good road built which would increase the ease of transportation and the competition and decrease the costs and profits.

### III

INTER-STATE AS WELL as intra-state taxes, more effective in many instances than poor transportation facilities in obstructing the flow of trade, are fixed more readily than they are removed; their trend is ever upward. In some cases, federal, state, or municipal taxes or tariffs kill an industry or keep it from thriving. Powerful individuals have been known to apply, modify, or abrogate taxes without due process of legislation. Thus to the handicap presented by the lack of good cheap transportation facilities there has been added on occasion that of man-made hurdles in the form of taxes, which have contributed to the intra-national Balkanization of the country. Tariffs, applied by the most insignificant countries and preventing a free flow of goods and services in Europe, went far toward the destruction of the liberal economic order on the continent. Material progress everywhere has followed the introduction of transportation facilities and the abolition of tariffs. Certainly Bolivia will be no exception to the rule.

In the eastern part of the Department of La Paz, less than a hundred miles from the city of La Paz, are deeply incised valleys from 3,000 to 8,000 feet above sea level. These valleys, known as the Yungas, have an agreeable climate, abundant rainfall, fertile soils—in short all the requirements for flourishing tropical and subtropical agriculture. Here by intensive methods are grown great quantities of the cocoa leaves which are universally chewed by the mountain Indians and

which make it possible for them to perform almost super-human feats of physical endurance, often without adequate food and protection from the cold biting air of the high altitude. Cocoa leaves, coffee, citrus fruits and other tropical and subtropical crops do well in this favored area, but coca leaves make up 80 per cent of the produce of the whole region. There are several reasons why the Yungas has not become a market garden for a large part of the Bolivian *altiplano*. First and always must be mentioned the lack of a good transportation system whereby the produce could be cheaply and quickly transported to the consuming centers. Further, labor is often forcibly recruited and no care is taken of the worker's health. Malaria, which is common, is a prominent factor in reducing efficiency. Organization in the production, grading and marketing of the crops is non-existent. Lastly, the effect of poor transportation facilities is aggravated by the high taxes imposed by the political racketeers, which amount, in the case of cocoa and coffee, to 20 per cent of the retail value. To the natural obstacle of a rugged terrain, through which man has been slow in building roads, is added the artificial barrier of high taxes; the combination produces precisely what most countries endeavor to avoid—economic stagnation.

Great herds of fat and healthy cattle batten on the lush grass of the poorly drained but fertile black soils beyond the well-drained piedmont alluvial plain in eastern Bolivia. Nevertheless, fresh meat rarely reaches the mountain market, except what is imported by rail from Argentina. There are estimated to be more than a million cattle in the district of the Beni alone, ten times as many as are slaughtered annually in all Bolivia for the provision of meat. Dairying, too, is in its embryonic phase. In La Paz, the capital city of 300,000 inhabitants, there are only 3,000 quarts of milk available daily. To get a quart one must wait until one of the present custo-

mers leaves town, and court the good graces of the milkman. Adequate transportation facilities coupled with up-to-date techniques in animal husbandry would make possible a dairy business capable of supplying many times the present population of Bolivia with all the dairy products it could consume. But the rich cattle country of eastern Bolivia is in the hands of a small number of landholders, who make a good income from hides and dried meats and who are almost without exception not interested in improvements.<sup>1</sup> About half a dozen men control the extensive province of the Beni.

Tremendous areas of fertile lowlands in Bolivia Oriental await experimentation, modern methods and new crops. Recently a market for peanuts was developed in Santa Cruz, and the very first year the formerly self-sufficient patch-agriculturalists around the small village of Concepción produced and sold 115 tons in the newly created market. Trucks bringing in supplies to the rubber gatherers gave low freight rates back to Santa Cruz. The farmers were delighted at the prospect of a new marketable crop. Few farmers want to become or remain self-sufficient, but they must be able to sell their produce. Illinois farmers had no interest in cultivating soy beans until there was a market for them. In the sandy alluvial soils over a wide belt at the eastern foot of the Andes, fruits, corn and truck crops could be grown in abundance, but the potential market is inaccessible because of lack of transportation. Instead, as indicated above, the eastern lowlands are largely in vast estates devoted almost exclusively to cattle grazing because hides, dried meats and cattle on the hoof are relatively easy to transport.

## IV

BOLIVIA'S LACK of intranational integration is a mirror image of its seemingly hopeless international situation. According

<sup>1</sup> Earl Hanson, "Social Regression in the Orinoco and Amazon Basins," *Geog. Review*, Oct. 1933, pp. 595-8.

to the terms of the treaty of Valparaíso, signed in 1884 after Bolivia's participation in the War of the Pacific against Chile, Bolivia lost her outlet to the Pacific. By the treaty of Petrópolis in 1903, Bolivia's rich Acre Territory was ceded to Brazil, who pledged herself to give Bolivia, in return, an outlet to the Amazon, and, indeed, part of the indemnity to Bolivia of 2,000,000 pounds sterling was used in the construction of the Madeira-Mamoré railroad from Guajarámirim to Porto Velho—a useless venture, since the region remains remote and insalubrious.

In 1932 came the Chaco War between Bolivia and Paraguay. The territory in dispute, called the Gran Chaco, a reputedly fertile but almost uninhabited plain between the Pilcomayo and Paraguay Rivers, was of little immediate value to either of the contestants. The war was fought without quarter on both sides, but the Paraguayans knew the country they were fighting for, they were acclimated to the low altitude, and they were not being sold out at the top as were the Bolivians. At the end of three years of savage fighting, in which the total number of men killed was almost one hundred and fifty thousand, Bolivia surrendered to her conqueror 55,000 square miles of the Gran Chaco, and retained a slight foothold on the Paraguay River. But there were other and long-range losses as well. Since the mountain Indians could not readily adjust to the hot lowlands where the war was fought, the tropical areas of eastern Bolivia were literally drained of men for the army, thousands of whom never came back. The result has been a marked decline in the prosperity of many once-thriving urban agglomerations in the province of Santa Cruz and of the Beni. Truck and fruit gardens were no longer cultivated, victims of hookworm, malaria, and beriberi became more numerous; the whole of eastern Bolivia has experienced economic and social retrogression. The after-

math even of successful wars is depression; the aftermath of defeat for an unorganized and poorly integrated country is national disaster. Bolivia's present condition is in no small part due to the series of defeats she has been dealt at the hands of foreign countries, who, in the treaties they forced upon their victim, appropriated enormous stretches of her territory.

The internal revolutions from which Bolivia chronically suffers have become a commonplace. But it must not be lost sight of that they, too, play an active rôle in the unhappy evolution of the country. While themselves a symptom of the general instability, they produce a situation and an atmosphere in which irresponsibility increases and graft and injustice grow from more to more. It is hard to tell which is cause and which effect. The circle is truly vicious. Since 1930, Bolivia has had eight presidents, all but two of them army officers, most of whom entered office as the result of an army coup.

Grafting political appointees—large and small—like termites, eat away the economic and political framework of the country. The minister of finance in the Peñaranda government, in the course of his career of nine months, had "saved" enough to buy a farm worth a million *soles* (about \$150,000), in Arequipa, Perú, to which he hastily fled when the new government took over. The treasurer of the Provincia Santa Cruz, a poor man appointed by an influential relative, was able in less than a year to acquire three big farms, two cars of recent model, and one truck. Even the most lowly army captain, in the most remote frontier post, extracts his bit of graft. It is significant that the revolutionaries are usually kind-hearted to the big-time grafters and gunmen who have preceded them in office and give them safe conduct out of the country with their swag. Revolutionaries show this courtesy

because they in turn expect the same deference when the lean pigs, temporarily kept away from the trough, have rooted the fattened ones out of office.

## V

IN CONSEQUENCE of her unsuccessful encounters with neighboring powers, Bolivia is irretrievably land-locked, and the country has become dependent upon foreign nations for a large portion of its foodstuffs and manufactured goods. Meat, lard, wheat and flour are imported from Argentina, sugar and meat from Perú, barley and rice from Chile, yuca and rice from Brazil. Imported foodstuffs are expensive. In 1941 and 1942 foodstuffs alone accounted for 27 and 30 per cent of the value of total imports. The largest item last year was sugar, which represented 8.3 per cent of the value of all imports as against 4.3 per cent in 1941. Sugar was even imported from Perú to cover the deficiency in the vicinity of Santa Cruz, which is itself the important sugar-producing region of Bolivia—the local sugar was made into alcohol, which has a higher value and is easier to transport. As a result sugar sold there for as much as 15 cents a pound (U. S. currency). And farm labor is increasingly hard to get, because slightly less miserable jobs are to be found in road construction, in the building industry, and even in the rubber and quinine forests. Hence a further decrease in the production of domestic agricultural crops, with a corresponding increase in imports.

By the time the freight charges and the sky-high tariffs have been paid, and the customs officials and the merchants have successively taken their cuts and their profits, only the wealthy can buy these products. For example, a luxury article such as a bottle of national wine at present costs 30 Bolivianos (75 cents, U. S. currency), as against 165 Bs. (\$4.00 U. S. currency) for a bottle of Chilean wine, which in the

country of its origin costs approximately one-tenth of that. Foodstuffs and manufactured goods imported from Perú commence their journey via the railroad from Mollendo to Puno, whence they are sent by boat across Lake Titicaca to Guaqui, Bolivia, then transshipped to rail to be forwarded to La Paz. These many transshipments and handlings result in an increase in prices far beyond the ability of a full ninety per cent of the Bolivians to pay.

## VI

BUT—AND HERE we have the crux of the problem—what is there to exchange for imports of processed foodstuffs and manufactured goods? The answer is: gold, silver and baser metals, the ores of which are tucked away in the folds and hidden recesses of the majestic ranges of the Andes. These rich deposits were formed when low-lying sedimentary rocks were folded and faulted and simultaneously intercolated with igneous intrusions during the period of mountain-building from which the Andes emerged. But the rich mines of Potosí, of Catavi and Oruro—names synonymous with fabulous wealth all over the world—are in the hands of the mining interests of Simon Patiño, Carlos Victor Aramayo and Mauricio Hochschild.<sup>2</sup> The metals naturally go to highly industrialized countries, but the profits are used as income to be privately spent, instead of being reinvested in Bolivia as capital to create more wealth in the form of consumer's goods: they should—in large part, at least—be returned to the people of Bolivia in the form of wages, dividends, railroads, highways and factories and improved farms, for the production of further wealth. But such is not the case; the wages of the miners are miserably low, the equivalent of 50 or 60 cents a day (U. S. currency), at the present rate of exchange. The purchasing power of the Boliviano is very low, and it decreases

<sup>2</sup> Alcides Arguedas, *Pueblo Enfermo*, Santiago de Chile, 1937, pp. 53-4.

every day. Living costs continually rise, wages remain approximately the same. The bloody settlement of the labor dispute at the Catavi mines in December of 1942 was one of the darkest blots on the Peñaranda regime, and undoubtedly hastened its downfall twelve months later.

In February and March, 1943, a joint Bolivian-United States Labor Commission visited the Bolivian mines and arrived at significant conclusions. With reference to low wages and low productivity they wrote:

We reject the argument advanced in some quarters that the low productivity of Bolivian workers accounts fully for the low wages they generally receive and the bare subsistence level on which so many of them have to exist. This is probably a confusion of cause and effect. Granting that there is wide room for improvement in the productivity of Bolivian workers, this condition itself may be the result of a lowered vitality due to malnutrition and neglected bodily ills, and of a fatalistic feeling that their meagre existence is their inescapable lot, and that of their children. Given a reasonable hope that effort on their part will better their lot and a reasonable opportunity to develop their innate capabilities, we do not doubt that Bolivian workers will respond to the normal human aspiration for a nice home and decent surroundings and a fair chance for their children.<sup>3</sup>

Patiño, Aramayo and Hochschild control over 90 per cent of the annual amount of wealth exported from Bolivia. Patiño's income is greater than the entire income of the Federal Government of Bolivia. These three men and their agents, known as "la rosca" (the crew), have fathered revolutions and counter revolutions, socialist parties and conservative parties, newspapers, magazines and radio stations. But they do not return wealth to the country in productive forms. Even the roads and railroads they build are company enterprises designed to facilitate export of the extracted minerals.

Patiño, one of the five richest men in the world, resides in Paris, London, or New York, where he leases a whole floor

<sup>3</sup> *Labour Problems in Bolivia*, International Labour Office, Montreal, 1943, pp. 9-10.

of the Waldorf Astoria Hotel. He is now reported living in Montreal. The only wealth he has ever turned back into the country of his birth, which has yielded so bounteously to him, is in the non-productive form of beautifully decorated chalets in the lovely valley of Cochabamba, designed, constructed and furnished by architects and workmen imported from Paris for the purpose. He himself has never set foot in them, nor has anyone ever dwelt in them, not even in the \$30,000,-000 palace, whose grounds are fringed by small adobe huts of Indians living in the most abject squalor. They are not even public museums, and they can be entered only by special appointment, by visiting foreigners.

Patiño has shown no inclination to use even a small part of his vast wealth to build factories, or to construct roads or railroads for general use. President Busch, in his desire to create an economically liberated Bolivia, by decree law planned to subject to federal control fifty per cent of the value of minerals leaving the country and to nationalize the Banco Minero in order that it might fulfill its function of protecting and helping the small mining interests. But Busch's career was intercepted before his ideas could be carried out.

Patiño's has been an attitude and aim that is not uncommon in Latin America—to acquire the largest amount of wealth in the shortest possible time and by whatever means, to live in Europe or North America beyond the reach of one's outraged compatriots, and let the devil take the hindmost. The local politicos, for their part, have connived as was expected, lining their own pockets meanwhile.

Petroleum has been found in the foothills and along the mountain front of the eastern Cordillera where slight disturbances in the earth's crust in recent geological time have produced structures favorable for the accumulation of oil. This

natural resource narrowly escaped consumption by the foreign market, by the nationalization of the industry under Busch in 1937, when the \$17,000,000 investment of Standard Oil was confiscated. When Standard operated the oil field and refinery at Camiri, the personnel numbered about two score; about ten times that number are employed there now, with some decrease, fortunately not proportionate, in oil production. The refinery has a capacity of 2,000,000 liters a month, but the actual production is only 500,000 liters. This refinery is within trucking distance of Santa Cruz, which is an important stop for the Panagra Airways System and where the training school for Bolivian airmen has recently been established. It supplies the Santa Cruz area with all its present requirements, except for high octane gasoline. A large sector of the eastern mountain front is rich with oil,<sup>4</sup> and enough petroleum could easily be extracted to cover all the needs of the country, but, again, domestic transportation facilities are practically nonexistent. The result is that Bolivia must import, and at high cost, a large percentage of her present consumption.

Although the world-famous mines at Potosí have poured hundreds of millions of dollars into the silver markets of the world, not one silver coin is to be found in circulation in the country at present. The intrinsic value of the small coins of tin alloy and brass is less than that of imported iron washers, and as a result such coins are withdrawn from circulation to be used as brads in nailing down roofs, and for similar purposes. Paper money is taking the place of coins—one-Boliviano bills are torn in two to make change—and it is so low in purchasing power that great bundles of the lower denominations must be taken along for the purchase of a few odds and ends. Two hundred dollars in five-Boliviano notes make a package the size and shape of a loaf of sandwich bread.

<sup>4</sup> "Bolivian Oil Development," *Bulletin of the Pan American Union*, August, 1945, pp. 475-7.

Small towns, including even Trinidad, capital of the Beni, have no banks; only the puniest sums of cash are in circulation, and anything above fifty dollars must be imported by hand from larger centers. For the most trivial transaction, company firms must dispatch a personal agent with a suitcase full of notes, often as far as a five-hour trip by plane. Inflation is not on the way; it is there. One month after the revolution of December 20, 1943, the Boliviano had fallen on the black market to 50 to the dollar, against the official rate of 42 to one. Living costs immediately rise, but wages lag behind for years with the result that once more the poor Indian absorbs the loss. He is already on the very border of starvation. Small wonder that uprisings of Indians, either workers in the mines or serfs on the great estates, are by no means rare.

## VII

IN HIS *Raza de Bronce*<sup>5</sup> the Bolivian writer, Alcides Arguedas, painted with master strokes, "the absurd slavery of the Indian, his life of pain, of misery, and of barbaric injustice." And Jesus Lara, another Bolivian, brings the tragic picture up to date in his powerful novel, *Surumi*.<sup>6</sup>

In all too many instances the process of integrating semi-savage but peaceful Indians into what passes for a modern economy, has been one of brutal exploitation rather than sympathetic education. It should be mentioned that American Indian missions have done a fine work in handling these children of the forest, and in introducing them to an agricultural or even handicraft society. But during the rubber boom of World War I, all too often greedy rubber *patrones* rounded up Indians at the point of a gun and sent them to gather rubber in the pestilential swamplands where the rubber trees grow. Witness the following account:

<sup>5</sup> Valencia, 1924.

<sup>6</sup> Buenos Aires, 1943.

At the time of the occurrences which I have related [1885], these Indians [Araüna Indians of the Ibon] were a large and powerful tribe, occupying a wide area of country. In the meantime the aggressions of the whites, not merely by the invasion of their territory, but through the raids for prisoners to be enslaved as peon workmen in the rubber industry, have resulted in their almost complete annihilation.<sup>7</sup>

As late as 1925, Indians would take to the forest when they saw a white man coming along a trail, in fear of being recruited forcibly to gather rubber. And even at the present day the situation has altered little.

In areas where self-sufficiency is the rule, day laborers are frequently hard to find. But few men of whatever station refuse a drink. Hence the problem of getting Indians to dig ditches on the air field in Concepción was easy of solution. The local contractor gave a party, drinks flowed freely, a fight started, and seven men were grabbed and jailed by the Chief of Police, who set his wards to digging ditches on the following day. Since the maximum sentence for drunkenness is five days, such parties occur at frequent intervals. Besides being paid by the contractor so much per man put to work, the Police Chief gets another kickback. According to "*justicia Boliviana*," if you are the cause of jailing a man, you must pay his board. The Chief of Police, being thus responsible for the keep of the men, also collects their wages, some 25 to 30 Bolivianos a day. But he can feed them for 5 to 10 Bolivianos, and the difference helps him to keep the wolf from his door.

And on the farm the Indian is little better off. The *finca* or manorial system is still generally in vogue. On the *altiplano*, land is bought and sold together with the Indians living on it, over whom the owner has what amounts to the power of life and death. The *finca* is often managed by a *mayordomo*, who naturally tries to make a big income for his master

<sup>7</sup> H. H. Rusby, "Jungle Memories," New York, 1935, pp. 297-8.

because the percentage of his own gain is thereby increased. And it is the Indian from whom this income is literally squeezed. Terrible beatings are common, and in spite of the inhuman ferocity with which Indians who rebel at barbarous treatment are met, revolts occur, and runaways are frequent. To quote again from the Report of the Joint Bolivian—United States Labour Commission:

The farm worker on the hacienda spends most of his time working for the *patrón*. He lacks security of tenure and a sense of ownership. Under these conditions the dwelling he constructs tends to be of a lower grade than those built by the independent farmers. Some that we saw were dark, damp, and filthy, crowded with humans and animals. The *patrón* usually takes no responsibility for the construction of houses for his workers or for the provision of sanitary water supplies.<sup>8</sup>

The Indians serve turns in working the master's land and in acting as unpaid servants in the great house in town, where they lose even their names and are known merely as "*pongo*." In this work they average four or five days a week. In the other two or three days they are free to cultivate their own plots, which are never large enough to supply their domestic needs, so that they are compelled to eke out their miserable income at other tasks. On hand looms staked out in front of their small huts, old men and women often make beautiful woolen cloth and blankets. Young people are forced to apprenticeship in various handicrafts in the few cities.

A careful student of Bolivia's land problems presents the following conclusions:

Theoretically the Indians can purchase and hold land in any part of the country; but in practice, the owners of the large estates object to selling land to them. This attitude is the natural attitude of people who have been landowners for generations toward relinquishing any part of their holdings. They are influenced also to some extent by the fear that the increase in individual ownership will bring about a decrease in their own available labor supply. It is certain, however, that the Indian *colonos* on

<sup>8</sup> *Op. cit.*, pp. 32-3.

the *haciendas* work more efficiently on the plots of land allotted to them for their individual use than on the *haciendas*.<sup>9</sup>

Eastern Bolivia, as well as the *altiplano*, is in the grip of the dead-hand influence of the great landed estates. Of this region Professor Mather observed:

Most of these large estates are managed by *administradores*, who seldom display much capacity for thrift or industry; the owners live in Buenos Aires or Paris. It is quite evident that the absentee landowner system is utterly failing to make the most of the opportunities offered by this land. . . . The contrast between the modern homes and thrifty appearance of the northern Argentine towns and *haciendas*, on the one hand, and the squalid huts and vast vacant spaces of eastern Bolivia, on the other, is an object lesson which cannot but direct attention toward the possibilities of the more northern area.<sup>10</sup>

Conditions and attitudes have changed little on the *altiplano* and in the fertile mountain valleys since these two observers made their comments.

An even more pointed contrast than that referred to by Professor Mather between northern Argentina and Bolivia, is to be seen on the eastern border of Bolivia and Brazil, where the usual story of small swindles consistently practised against the Indian has led to an interesting sequel. A hard-working, small-plot Bolivian farmer will come to a frontier army post, for instance, to sell his oxcart load of corn, of which he knows the approximate worth. It will be taken, weighed, and, after long calculations and conversations, a few filthy bills will be put into his hands. When he remonstrates, he is told to move on before he is kicked out. Thinking that he has by chance hit upon an unjust man, he may suffer the same experience a second time, at the hands of another petty officer, but thereafter he decides to go elsewhere with his produce, and that

<sup>9</sup> Eduardo Romein, "Agricultural Adaptation in Bolivia," *Geog. Review*, April, 1929, p. 252.

<sup>10</sup> Kirtley F. Mather, "Along the Andean Front in Southeastern Bolivia," *Geog. Review*, July, 1922, p. 377.

means across the border into Brazil. Here he will go from buyer to buyer until he gets a just price, or at all events the highest market price, with which he can buy material for a new dress for his wife, a bottle of fire-water, and still have a little money left. When the farmer's friends see his woman with two dresses instead of the one dirty faded garment she has always worn, they too decide to cross the border to do business. Soon they are building their huts and planting their little plots where there is a better market for crops, and where there are educational facilities for their children, *viz.*, on the Brazilian side of the line. In this way Brazil, because of the fairer attitude toward those who only a short time ago were denizens of the forest, gains at the expense of Bolivia. The villages of San Miguicho, San Salvador and San Cyril, in eastern Bolivia—to mention only a few—are ghost hamlets, in striking contrast to the urban agglomerations on the Brazilian side of the frontier. The character of a country is frequently expressed in its border towns. No more vivid instance could be found than meets the eye in Corumbá, Brazil, and Puerto Suárez, Bolivia, fifteen miles away—the one attractive, vigorous, expanding, the other ramshackle, decadent, colorless.

### VIII

THAT EVEN THE INDIAN, inured as he is to centuries-long abuse, will not remain perpetually quiescent, is indicated by a recent news report:<sup>11</sup> 1500 Indian delegates held a congress in La Paz where "they protested against forced labor, rapacious landlords, priests who demanded disproportionate fees for religious services." Although the Government threatened to punish "agitators," it formally "abolished a long list of semi-feudal laws which compelled the Indians, both men and women, to work for their landlords without pay, sometimes

<sup>11</sup> *Time*, May 28, 1945, p. 10.

as much as five days a week." Genuine land reform, however, was not undertaken. And one who has observed the ways and manners of the country at first hand wonders to what extent any real change has taken place.

The first comprehensive labor law in Bolivia was the Busch Labor Code of May 24, 1939. This law outlined the rights and duties of labor and capital from a legal point of view and defined their mutual relations. The enforcement of this law was tenaciously resisted by employers all over the country. Less than three months later, on August 22, 1939, President Busch, coming home at two o'clock in the morning from a party at which he had greatly enjoyed himself, met his death. The official explanation was suicide. Busch's successor, General Carlos Quintanilla, immediately abolished the code, but in December, 1942, it was again raised to the rank of a law. In August, 1943, the government issued a decree providing detailed regulations for putting the law into effect. The regulations, however, allowed certain differences of interpretation, and the tug of war between capital and labor continued, with capital getting the lion's share.

The Villaroel "revolutionary" regime, which ousted Peñaranda in December, 1943, says it is favorable to the interests of labor and the common people. In April, 1944, it released José Antonio Arze, leader of the Leftist Revolutionary Party (P. I. R.), which is much feared by the *rosca*, and let him start campaigning for a coalition of liberal elements in the July elections. Only one week after being voted to office, Dr. Arze was attacked by an assassin, presumably-hired, who shot and severely wounded him. The assassin could not be found by the police. Dr. Arze had been duly elected by a huge majority—overwhelming in this country where only sixty or seventy thousand people out of a population of more than 3,000,000 have the right to vote. He was apparently

too popular; the *rosca* has a well-tried remedy for the popularity of those who might in any way disturb the *status quo* of the mining interests.

The background of slavery, whether of blacks or Indians, provides the main reason why a kind of taboo of work with the hands runs all through Latin America. All exertion, from dilettante gardening or going afoot, to carrying a pill box home from the general store, has been performed by slaves or people considered of low degree for so long that the first desire of the poor is to get out of the social stratum to which such a stigma attaches—to leave the class of hewers of wood and drawers of water. There is a frantic desire for book larnin', not so much out of avid intellectual curiosity as from the urge to learn to read and write in order to become a candidate for one of the few white collar jobs to be found in a society almost wholly non-industrial: those of public scriveners, street car conductors, small town political appointees.

But the moment such people become literate they persuade themselves that they are in the upper classes and they assume the attitudes of the group in which they feel they have arrived. They have had a hard climb indeed, and nothing must be overlooked to show that they have made it. Hence, they can do no physical work, and they frequently keep the nails of their thumbs or little fingers very long, to prove to even the casual passerby that they are no longer persons who perform physical labor. It is next to impossible to get a literate person to do odd jobs. He cannot be seen on the streets without a coat and tie, nor can he carry a package, far less can he chop wood or carry water. An illiterate person must be hired to run errands, or to do any manual toil. Hence, the foreigner, in favor of universal education in his own country, is often, in spite of his beliefs, constrained to specify that the men he hires must be illiterate! A curious paradox.

The great majority of dwellers in tropical regions are, by the very nature of the case, without the powerful drives to effort inherent in middle-latitude man, who must have ample shelter, warm clothing and energy-giving food. Tropical man, in a few hours, can make a dwelling that will serve its purpose for months; his food is to be had for the killing or the gathering. Although tropical forests are not so full of game and fish as the imaginations of middle-latitude writers would often represent, nevertheless, in many missions Indians are restrained with difficulty from returning to live as nomadic hunters in the forest, even after several years of sedentary living as farmers and household craftsmen. And if civilized man does not like to see him naked, the Indian prefers to enter even farther into the recesses of the forests, in view of the cost in hard labor of buying the cheapest cotton goods.

## IX

AND THIS BRINGS UP another lack of incentive, of a cultural nature. The wants of primitive man in the undeveloped areas are almost without limit, once he glimpses what industrial society has made available—they frequently become simple when he learns what he must pay to satisfy them. When he hunts for his own food he finds he can take care of his needs without too much time spent in the process, but when he begins to supply a market, he sees that it takes all his time to get enough hides or to gather enough rubber or babassu nuts to obtain the wherewithal for the barest subsistence.<sup>12</sup> And the man who supplies him with food and merchandise frequently sees to it that he is always in debt. The same is true if he engages in household crafts. And if he decides to devote himself to agriculture, he may find that the land which he clears and from which he is to harvest his crop already has an owner who stoutly maintains, perhaps backed by police

<sup>12</sup> H. H. Rusby, *loc. cit.*, pp. 263-5.

authority, that he has a right to a large share, if not all, of the produce. Such being the case, the path leading from barbarism to integration in the national economy is often steep, stony and hedged by thorns.

There are more than 500,000 children of school age in Bolivia, only 80,000 of whom are in school. And what schools! Many school rooms are more like dens than class rooms: filthy little holes without light or air, so cold, especially in the winter or dry season in the mountains, that the classes are often held out of doors where the children can get warm in the sun. The children sit on old boxes or on the ground itself, and of educational equipment there is almost nothing. Books, maps, globes, writing material—all are lacking. Instruction is in Spanish, a language unknown to hundreds of thousands of the Indian children who still speak Quechua. Ministers of education were wont to point out that because of dearth of funds the Bolivian school lacked hope and horizons.

Only under President Busch was there an attempt to remedy the situation, with the highest school budget in the history of the country. But an educational system cannot be created full-blown from today to tomorrow. The educational plant and the teachers must both be clothed in dignity—a conception new to Bolivia. Without a sound general foundation, it is absurd to think in terms of higher education. At present the University of Cochabamba, under the leadership of Rector Martín Cárdenas, outstanding Bolivian botanist and intellectual, is training a small group of eager students, but they will naturally be spread thin in so large a country. And if general education is so woefully neglected, it is no surprise to find that health and hygiene, far from being given a place in any public curriculum, repose in the realm of faith and quackery.

The surprise—to those imbued with twentieth-century practices—is rather that so many Bolivians live and grow to adulthood. In the greater number of the towns and districts, the only so-denominated medical aid is that of the "*practicante*." The "*practicante*," a common figure in all of Latin America, follows his Aesculapian career not as the result of medical training but purely on the grounds of predilection. Infants are ushered into the world with the aid of midwives uncontaminated by the theory of asepsis. Forthwith they must develop their own immunities without benefit of vaccines, for there exists a widespread medieval taboo against the vaccination of human beings, whereas the practice is common on large estates in the care of cattle, hogs and horses. Although the lowland regions are infested with malaria—in many areas, of a malignant type—the mosquito is allowed to thrive unchecked. Indeed, its rôle as carrier of the disease is little comprehended. Many a person, walking abroad after dark, holds a scarf or handkerchief to his mouth to prevent the inhalation of the baneful night air. At night, in tropical as well as upland climates, the windows are conscientiously closed in order to keep out the pestilential vapors. In consequence, the incidence of tuberculosis is appallingly high.

Bizarre methods of curing disease are followed. On one occasion the Reverend Samuel Decker, interdenominational missionary in tropical eastern Bolivia for 17 years, was called to see a child who was suffering from a fever of 103 degrees. The patient was swathed in a woolen blanket in a dark, hermetically sealed room and no water was given it to drink. By opening the door and windows, giving the child plenty of drinking water and a bath, and by putting a thin cotton shirt on it instead of the woolen blanket, the missionary was able to reduce the fever by two degrees in an hour. In a few days, with proper treatment and drugs, the child had recovered,

but, the Reverend Decker pointed out, had he taken ill again the following week, his parents would certainly have prescribed the very treatment which had been so unsuccessful before. His comment was: "It is amazing how long a good example can be watched without being followed."

Most children suffer from worms and stomach disorders. And small wonder where household hygiene is unknown. Pigs and chickens wander in and out of the house at will. Horses frequently pass through the main room to the patio. Cows stand just outside. Slops and garbage are thrown out the door and children play indiscriminately in the piles of refuse. The rainy season produces running sewers of infection.

The techniques of nursing employed in the care of a two-and-a-half-year-old child dying of amoebic dysentery in Concepción are typical. That an ounce of prevention is worth a pound of cure is nowhere the motto. The child has fallen ill from wallowing as is its wont in the muck of the patio, and immediately all the quacks in town and the friends of the family are appealed to for medicines and advice. The patient, as usual, is kept wrapped in a filthy woolen rag in an airless room, in spite of tropical heat. When his bowels move, he is held over the edge of the bed and he relieves himself on the tamped earth floor; the excreta are barely covered with dried earth. He is wiped with a filthy rag, which is thrown down over the little mound to be used many times later. Neither water nor soap nor towels are used by any members of the family. By these unclean habits dysentery is spread quickly and widely. In this case the patient died, and the hard liquor with which to celebrate the boisterous wake was laid in before he breathed his last.

The children that are tough and resistant manage to survive, and a hardy breed is thereby developed in a few cen-

turies. The infant mortality rate would be even higher than it is, as a result of the deficient diet, and for many causes, were it not for the beneficent effect of the almost perpetual sunshine. Even so, out of every hundred babies born in Santa Cruz, capital of the enormous Provincia de Santa Cruz, where hospital facilities—such as they are—exist, forty-five die before they reach the age of one year. The death rate in isolated rural sectors can scarcely be imagined, and accurate computation is impossible where official records are not kept. Yet in spite of the staggering death rate, the percentage in the total population of those who are not of an age to be economically productive is very high.

## X

IMMIGRATION IS FREQUENTLY SPOKEN OF as a partial solution to the land problem, but not even the most miserable European peasant would tolerate the *finca* or *patron* system. At the present time a majority of Bolivians work hard all year only to find themselves more deeply in debt at the end of the year than at the beginning. This is not the type of opportunity that looks inviting to industrious European workers. Those who have thus far come as immigrants have settled in the towns, where in a few years they have established attractive stores, pharmacies, restaurants, and photographic shops. The whole aspect of La Paz and Cochabamba has been changed in a few years by these people with European background and ideas new to Bolivia. Ambitious Bolivians in business realize that they must either bring their backward, often filthy, establishments up to date or close their doors.

There can be neither political nor economic stability in Bolivia while the great mass of the landless, degraded peasantry is so ruthlessly oppressed as to exclude the possibility of the evolution of a middle class. A few thousand whites and mestizos, the "haves" of the country, lord it over almost

three million Indians, the "have-nots"—who in all verity, have nothing—no land, no social standing, no rights—not even the right to vote. The Spaniards found the ruling clique of the Incas firmly dominating their fellow Indians—for the common good—and promptly killed them and usurped their place, arrogating to themselves lands, authority, and the fruits thereof. Succeeding generations have perpetuated the system *in toto*, doing nothing that would break its hold—education in particular has been kept beyond the reach of the overburdened Indian. Governors have rapidly succeeded each other, but all have exploited him. The series of revolutions and counter revolutions has been fought *by* the Indian, but *for* the benefit of his masters, who form a small group perpetually dissatisfied among themselves as to the ways and means of squeezing more out of their wards. Even in the Chaco War, "it was the Indian, the poor Indian, the *pariah*, the one who has always been exploited, he who never asks anything for himself, that suffered to the bitter end almost the entire weight of the campaign."<sup>13</sup>

The big revelation of what the Indian really is as an assimilable element, and of what he can give of himself when organized endeavor is demanded of him, was made in those days in the somber regions of the Chaco, where the Indian knew how to fight and to die for a "*patria*" of which he is unaware and which never did anything for him.<sup>14</sup>

Thus Bolivia is seen to be a house divided against itself: *altiplano* and high mountain valleys against the vast tropical lowland of the east. The mountainous areas are inhabited for the most part by industrious, frugal Indians, upon whose collective society was superimposed the manorial system of the Spaniards. The cultural landscape is one of intensive cultivation in areas where fertile alluvial land and water for irrigation are available, but all produce except a bare subsistence

<sup>13</sup> Alcides Arguedas, *Pueblo Enfermo*, Santiago de Chile, 1937, p. 56.

<sup>14</sup> *Loc. cit.*, p. 55.

for the agricultural workers is in the hands of a few white or mestiza landlords or *patrones*. On the higher steeper slopes, Indians eke out a precarious existence growing small plots of wheat, potatoes, or *quinoa*.<sup>15</sup> Fabulous deposits of tin, copper, silver and gold have been exploited for centuries, but very few benefits from the mines have accrued to Bolivia as a whole. The eastern lowlands, vast tracts of land covered with dense broad-leaved tropical forests, alternating with endless miles of grassy savanna, are owned by a small number of great land-lords, whose estates are used almost exclusively for the pasturing of immense herds of cattle. Few of the products of this extensively exploited, sparsely populated area ever find their way to the densely settled *altiplano* or mountain valleys, because transportation facilities are hopelessly inadequate. Without cheap and easy transportation between the component parts of Bolivia, the physical line of cleavage will become ever more marked, and the social and economic line of cleavage, separating the masses of Quechua-speaking Indians from the coterie of Spanish-speaking exploiters, will become a zone of ever-increasing friction. A house divided against itself cannot stand.

The domestic scene is one in which chaotic conditions prevail. The economy is medieval and the transportation system is undeveloped; disease and malnutrition are rampant; education is shockingly neglected; the entire society is lacking in integration; three million Indians are inarticulate; the strong man in politics wields supreme control and regional bossism weighs heavily on the country. On the international stage, Bolivian leaders have tried to "muddle through," with singularly unfortunate results. The poor handling of foreign relations by the Bolivian *caudillos* has redounded to the glory of her neighbors, who have one by one defeated her in war and

<sup>15</sup> The seed of *Chenopodium quinoa*, which looks like a giant pigweed.

appropriated large chunks of the national territory. Repeated military defeats have brought on an acute psychosis, a reflection of which is seen in the inferiority complex and the xenophobia characteristic of many Bolivians.

What is the future of Bolivia? Can the vast unhappy population hope for better things? Professor Frank Tannenbaum, in his recent article, "An American Commonwealth of Nations," concludes that "the Four Freedoms, if they are ever to be achieved, involve a basic change in the land structure of Latin America, everywhere except in Mexico and Costa Rica; and this means prolonged social strife and at least temporary agricultural depression, and involves the transfer of political power and prestige from the present small and divided upper class to the large mass of the people."<sup>16</sup> In Bolivia, not only the vital agrarian problem, but the large and fundamental problems of transportation and of education as well, call for urgent action. According as these problems do or do not receive a swift and satisfactory solution, the huge majority of the inhabitants of Bolivia will achieve a standard of living to which human beings are justified in aspiring, or will continue to vegetate in ignorance, squalor and misery.

*No cae lluvia. . . . Sopla un frío  
viento de muerte. . . . Empieza a helar . . .  
El joven indio imperturbable  
Ve la cosecha salir mal;  
y se consuela, así diciéndose:*

—*Otra vez será. . . .*  
JOSÉ SANTOS CHOCANO

*Institute of Tropical Agriculture,  
Mayagüez, Puerto Rico*

<sup>16</sup> Foreign Affairs, Vol. 22, No. 4, July, 1944, p. 588.

## Careers on the Land

SINCE PEACE HAS BEEN RESTORED there has been a noticeable trend of city persons landward. Most urban people labor under the impression that farming is a very simple occupation. Farming, however, is a way of life, a tradition. City boys and girls who determine to take up the life on the land should be prepared to put in a period of apprenticeship under the direction of a competent farmer.

In the trades and professions the apprentice does not expect high wages, yet he is frequently expected to labor long hours. The apprentice who sets out to learn the bricklayer's or the stonemason's trade is content with low pay. He feels that the time he serves equips him for the future. He looks upon the sacrifice which he makes as an excellent investment. The medical student does not suddenly appear as a full-fledged physician. Even after years of study he is obliged to put in his time as an interne. During this period he is content with a mere maintenance, convinced that this period of training is an essential stepping stone toward a real success.

We do not feel that we exaggerate when we proclaim farming to be as complicated as is the practice of medicine. Perhaps it is even more so. The vocation of a farmer is an important and a noble one. He must be equipped with much knowledge and varied skills if he would manage well his farmstead. He must prove himself to be at one and the same time a clever artisan, an experienced craftsman, a shrewd financier, a capable manager and a willing workman, if he hopes for success. He must be familiar with the laws which govern the soil and the seed. He must acquaint himself with the moods and the habits of birds and beasts, of poultry and cattle. He must learn to distinguish between those insects which he is to consider as pests and those sent to aid him in his work. He must learn to till the soil, to cultivate and to harvest in due season.

There are few professions which demand a better combination of knowledge, skill and experience. Those, therefore, who set out to take up the life of the farmer must be convinced that this mode of living not only demands a person of brawn, weather-beaten through contact with the rays of the sun, the wind and the rain; but, moreover, a person of brain and wisdom, acquired from a volume the type of which was set by the hand of God, the book of nature. The city youth, therefore, who determines to take up life on the countryside must be willing to place himself under the direction of a rural master and follow him through the furrows of the early spring and to tread with him through the fields in time of harvest.

PATRICK T. QUINLAN

*National Catholic Rural Life Conference,  
Des Moines, Iowa.*

# The Alleged Injustice of Increasing Land Value Taxation Without Compensation

By HARRY GUNNISON BROWN

## I

OF ALL THE SEEMINGLY RADICAL reforms the advocacy of which has aroused the bitter and determined, albeit uncomprehending, opposition of conservatives, perhaps none is capable of being realized more imperceptibly than the reform of our land and taxation system as proposed by Henry George. Why, then, has this reform been so persistently and violently objected to?

In part, at least, it may well be that the truculence of the objectors comes from the frank and even challenging recognition by Henry George of the ultimate implications of his proposal and from the provocative manner of his advocacy of it. This is not necessarily said in criticism. It may be, indeed, that a less provocative phraseology, though arousing less opposition, would also have done less to arouse interest and support. But the opposition has to be reckoned with. And the better we understand its ideological source or sources, the better chance we have to deal with it effectively.

In Chapter II of Book VI of "Progress and Poverty," Henry George says that, as "the remedy for the unjust and unequal distribution of wealth apparent in modern civilization, and for all the evils which flow from it:

*"We must make land common property."*

Here at once is a challenge to nearly all conservatives. "Surely," they are likely to think, "this is a most revolutionary proposal containing a most vicious element of communism or of other alien and wicked 'isms.' "

Yet it appears on careful examination that the one specific change in policy which Henry George sought was the substitution of a land value tax for other taxes and the taking, thus, *by taxation*, of all or nearly all land rent. This, to be sure, may be said to amount to making land "common property," on the ground that if the rent of land goes mostly to the public, the land is, in effect, owned mostly by the public. But if the conservative critics of Henry George *take that tack*, they must logically admit that buildings, ships, trucks, orchards, livestock, machinery and other capital (as distinct from land) *are right now partly owned by the public*, since they are taxed and since, therefore, much of *their* annual yield goes to the public. If for the public to take, in taxation of such property, a large proportion of its income does not make this property in *some* degree "common property," then how can anyone logically claim that to take, instead, most of the rent of land in taxation, makes *land* "common property"?

Conservative opponents of Henry George's proposal must therefore admit, it would seem, that *only* if this proposal is put into effect and taxation is removed from the things men make, such as trucks, buildings, ships, etc., can it be said that these items of *capital* are *truly and solely owned by individuals*. In short, if these conservatives reason at all consistently, they must admit that Henry George's reform, as regards all the capital that results from individual work and saving, would take us *not towards but away from* the socialistic and communistic ideal of *common ownership* and socialized operation.

Nevertheless, it is probably true that many an uncomprehending and, therefore, illogically shocked conservative has reacted antagonistically to the proposal for increased land value taxation, because he has it labelled as "making land common property."

In a later chapter of "Progress and Poverty"<sup>1</sup> occurs a passage thoroughly consistent with the passage already quoted but one which perhaps tends to arouse even more passionate protest from conservatives. It runs as follows:

The truth is, and from this truth there can be no escape, that there is and can be no just title to an exclusive possession of the soil, and that private property in land is a bold, bare, enormous wrong, like that of chattel slavery.

And a little farther on in the same chapter, which deals with the "Claim of Land Owners to Compensation," Henry George still further offends the sensibilities of conservative defenders of the *status quo*. For here he comments that

by the time the people of any such country as England or the United States are sufficiently aroused to the injustice and disadvantages of individual ownership of land to induce them to attempt its nationalization, they will be sufficiently aroused to nationalize it in a much more direct and easy way than by purchase. They will not trouble themselves about compensating the proprietors of land.

And so the conservative respecter of the *status quo* receives from Henry George a three-fold shock. He is shocked at the proposal that land be made common property. He is, perhaps, deeply offended to have private property in land referred to as "a bold, bare, enormous wrong, like that of chattel slavery." And he is outraged at the advocacy of doing away with any "respectable" form of private property *without compensation*.

Nor will he be greatly mollified to read, several chapters later:<sup>2</sup>

Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent.* . . . What I, there-

<sup>1</sup> Chapter III of Book VII, first paragraph.

<sup>2</sup> Book VIII, Chapter II.

fore, propose, as the simple yet sovereign remedy, . . . is—to appropriate rent by taxation.

Nevertheless, a philosophical, unbiased and really careful consideration of the problem must lead to an entirely different state of mind than the attitude of shock we have been discussing.

Suppose we take note, in this connection, of the case of a localized and partial application of the land value tax policy in the United States. When, in 1913, the Pennsylvania legislature established the Pittsburgh (and Scranton) graded tax system, it provided that the city tax rate on buildings should become, in 1914, only 90 per cent of the rate on land; that in 1916 it should be 80 per cent; in 1919, 70 per cent; in 1922, 60 per cent, and in 1925, 50 per cent. This meant that to get the same revenue for the city, the tax on land values had to be gradually raised. If this gradual change had been continued by corresponding stages until 1940 and applied also to the taxes levied by other taxing authorities, such as the County and the School District, all taxes on buildings in Pittsburgh (and Scranton) would have been then done away with, and the land value tax rate would presumably be high enough by now to absorb for public use by far the greater part of the situation rent of land.

Are we to conclude that, if such a change in the tax system can be shown to be conducive to efficient production and favorable to the common welfare, society ought to be estopped from introducing it?

Whether we regard it as desirable that such a reform as that proposed by Henry George be realized fully right away or only after a lapse of years, we should recognize that its sudden, complete and immediate adoption is hardly possible politically. Short of revolution, certainly—and even revolution, if directed toward a specific reform, can come only after

years of agitation and of growing desire for change—such a reform must almost inevitably be gradual, or else not be realized at all. In the case of land value taxation, as in the case of other significant reforms, the slower the process of adoption the longer delayed are the full benefits which may be fairly anticipated from it. Nevertheless, significant reform, in a democratic society, can come only as rapidly as mass opinion and sentiment permit.

Is, then, the opposition of conservatives to the land value tax program, based on an unreasoning fear that it may be introduced both completely and all at once? Or is it an opposition to *any* continuous change in this direction, *even* a change so *gradual* that not within a hundred years would the tax reach ninety per cent of the annual rent?

However this may be, something can probably be said for the view that the advocates of the socialization of land rent would have used better strategy had they been less impatient for its adoption. When they have proposed its full and immediate adoption—or, even, its substantially complete adoption in a short period such as ten years—they, by arousing a frantic fear of the unknown, may have been instrumental in preventing serious consideration of it by others as a reasonable reform. There is a possibility, at least, that we can actually get such a reform adopted *more quickly* if, in our propaganda, we ask for its adoption only little by little!

But even though our publicity campaigns may have sometimes involved such a tactical blunder, this is hardly an adequate excuse for the opposition of professional economists. They, at least, should approach the problem objectively. They, most of all, should assume the responsibility of gaining a full comprehension of the considerations on which advocacy of the land value tax program is based. Where others might react adversely to this reform because it seems sharply differ-

ent from what they are accustomed to and because, not comprehending its real significance, they are frightened at the thought of its sudden or rapid introduction, the trained student of economics should be easily capable of a quite different and, indeed, a completely unprejudiced scrutiny. And if, by chance, he does believe that many protagonists of the reform are unduly impatient for its adoption, this should certainly not cause such a student to reject the reform but merely to suggest a more gradual approach to its complete realization.

## II

WITH SOME WHO OPPOSE the land value tax reform, especial objection is made to the fact that its proponents intend to introduce it without "compensation." And this objection is made despite the complete or almost complete lack of *any precedent* for "compensating" those who are *disadvantaged by tax changes!* So let us give a little attention to the "compensation" idea.

There is a very real sense in which, should we adopt the land value tax system, most landowners would automatically enjoy compensation. For most owners of land are owners of capital, too—factories, machinery, trucks, livestock, planted fruit trees, stores, houses, etc. And these it is proposed *not to tax at all*. Is not such relief from taxes on capital a very valuable compensation for higher taxes on one's land?

In his description of "Pittsburgh's Graded Tax in Full Operation,"<sup>3</sup> Percy R. Williams tells us that, in "a typical residential district," this plan of taxing land more heavily than improvements involved a *lower* tax burden on 99.2 per cent of the homes than if the city had raised the same amount of revenue by taxing land and buildings at the same rate. The owners of homes in this district, it would appear, were definitely benefited. *Should they, in addition, have received other compensation?*

<sup>3</sup> *National Municipal Review*, Vol. XIV, No. 12, December, 1925.

It is true that a land value tax system tends to lower the sale price of land, so that even a home owner whose total taxes have been reduced might contend that, in case he wished to sell his property and use up the monetary proceeds, he would be a loser by the reduction in its sale price. Should he then receive some special "compensation" because of such a *contingent* loss?

Of course, too, if a land value tax system is introduced, it does not automatically provide "compensation" for all land-owners. Owners of valuable unimproved land (e.g., vacant lots) and of valuable land which is but slightly improved, will not generally gain through their relief from other taxes as much as they will lose from the heavier tax on land values; but since other taxes are many and rest on different taxpayers with very unequal weight and since the vacant land of some is worth more than that of others, we cannot say categorically that all owners even of vacant land will suffer a net loss.

But if the owners of vacant land would, in general, suffer a net loss, it is also true that the holding of good land out of use involves economic loss to the community. How can we effectively prevent the waste and loss from this speculative holding, if we are determined that neither through our tax system nor in any other way shall we visit upon those who thus hold land from use, any convincingly substantial penalty?

If a community is tormented by a superfluity of dogs and imposes a dog license tax as a discouragement to dog owners, "compensation" is not customarily demanded. *Should it be?* Ought "society" to make no such change in its municipal regulations without first "compensating" all who may have acquired dogs prior to and without specific warning of such regulations?

The very heavy tax on cigarettes certainly discriminates against smokers relatively to coffee drinkers, motion picture

addicts, *et al.* Yet the conservative economists who are so ready to snipe at land value taxation without "compensation," as causing discriminatory loss to landowners have never, any of them, so far as I am aware, offered the faintest suggestion that smokers should be "compensated" because of the discrimination against them in the cigarette tax or in the various increases of it. Why do they not insist, at the very least, that all persons who learned to smoke prior to and not anticipating the tax—or prior to and not anticipating any particular *increase* of the tax—ought to have been or ought now to be "compensated"! Why is such protest so much more vocal for—or reserved solely for—changes in taxation which affect *landowners*!

It was suggested, at an earlier point in this paper, that much of the opposition to the land value tax program may be due to a fear of precipitate change. Some opponents of the plan have, perhaps, pictured in their imaginations, widows, orphans and aged persons no longer able to work and who *own nothing but unimproved land*, being *left suddenly penniless* by this tax reform!

It is an obvious fact that no important change in public policy, however fundamentally desirable, will affect equally all individuals and classes. There will, indeed, nearly always be some who lose in their annual incomes or in the total value of their property. But to say this is very different from asserting that any class—or even any individual—will be made suddenly penniless.

If the land value tax system goes into effect not suddenly but over a period of years, much of the annual rent of any land which is not being held out of use, during the period of gradual transition, will still accrue to the landowner. And if a particular landowner—even an owner who has been holding valuable land out of use—desires to sell, the fact that the

succeeding owner can for some time draw a net rent from the land, if he will himself use it or let it be used, means that the land still has a value which the previous owner has been able to realize by selling it.

Following this line of analysis, the objection of conservative opponents that the introduction of a land value tax system would make any appreciable number of landowners penniless can be effectively answered. If and when the proposal becomes a live political issue and is discussed heatedly in political campaigns, and this objection is raised by (say) a heckler, the skilled campaigner should have a ready and crushing comeback. "If any owner of land," he can say, "is so convinced that our program is going to cause him loss, let him sell his land *now*, before our party has even come to power. Let him realize hard cash for it *now*. If any landowner present *doesn't want to realize hard cash* for his land *now* and so is *determined not to sell*, isn't it *ridiculous* for him to argue that the program is going to so lower the sale value of land as to reduce him to poverty? Furthermore, you all know, and he probably knows, that under our program *all the improvements he makes on his land* will be *relieved of taxation* and that, therefore, if he saves and so is able to make such improvements or have them made, all the income they yield *will belong to him*. If any landowner doesn't want to take advantage of this prospect or thinks he cannot do so conveniently, let him sell his land *now* for real money to someone who does want to."

No doubt it can be logically contended that the mere anticipation of an imminent beginning of a land value tax policy would bring an incipient fall in the selling price of land. "Coming events"—or, rather, the expectation that the events will come, and regardless whether or not they do finally and actually come—"cast their shadows before." Thus the

growth of the land value tax sentiment might, prior to the enactment of any tax change, reduce somewhat the price securable for his land by a landowner desiring to sell it. But this would obviously not be due to the land value tax, since it has not been actually introduced. Rather would it be the result (manifesting itself through the prices bid and asked by would-be buyers and sellers of land) of the *opinion* that land value taxation will be adopted. This *opinion* is in turn the result of a growing popular belief that such a tax system is desirable and so *ought* to be adopted. And this growing popular belief, in turn, is, at least in large part, the consequence of the persuasive arguments and evidence presented by the advocates of the proposed change.

Probably conservative opponents of the change would prefer to use the word "agitation." And some, too, would wish to *suppress* all such agitation, on the ground that it tends to reduce the sale price of land and so to disappoint landowners' previous "reasonable" expectations. If they regard the tax change as "wrong" because it would reduce the sale value of land, must they not regard the "agitation" for it as likewise "wrong" and for the same reason? And if they think such "agitation" to be a "wrongful" act, why should they not try to make it an *illegal* act thus to voice "dangerous thoughts"?

But in any event, the landowner who fears more than do others the actual introduction of the land value tax system, should logically be willing to offer his land for cash at a price which less fearful buyers are quite willing to pay.

Enough has been said on this matter, surely, to make clear to the comprehending reader that the most rapid introduction of a land value tax taking practically all the annual rent of land, would not suddenly make penniless even persons who owned nothing but unimproved land. For however rapidly the new system might be put into effect once change was

begun, there could be no *beginning* of the reform until there had come to be a widespread demand for it. During all the years of growth of such demand, owners would continue to draw their accustomed rents. And though the sale price of land would presumably fall as the reform came to be nearer and more certain, yet until or almost until its actual and complete adoption, there would still be some sale value remaining. Most assuredly, then, no landowner would find himself reduced overnight from riches to poverty!

There have been a few economists, impressed with the economic advantages of the land value tax system but nevertheless considerably worried regarding its adoption without "compensation," who have urged that the change be made after the deaths of present owners who would, therefore, receive during their lives undiminished rents. In fact, it is questionable whether such a plan gives any more—if as much—consideration to the interests of present owners than does a gradual increase in the taxation of land, going along concurrently with a diminution of taxes on capital and of various other contemporary taxes. While a gradual increase in the land value tax does reduce from year to year the land rent remaining to the owner, it also leaves him the option of being able to sell his land at a price based on the lower net rents of future years; and he may be able, therefore, to "cash in" before his death on net rents continuing for a time afterward.

It is to be noted, too, as an objection to the scheme of terminating rents at and only at the deaths of present owners, that a great many of the most valuable city sites, power sites, mines and other resources are owned by corporations and that *corporations do not die.*

### III

BUT THE OBJECTION which seems to be most commonly urged by economists is that, even though the introduction of land

value taxation is not sudden but gradual, even though many landowners gain by it, even though no landowner suffers great and sudden loss and even though the change is demonstrably for the common welfare, nevertheless it is "unethical." Since, however long the prior period of growing favorable public opinion and however gradually the reform is put into effect, some landowners will become poorer than if the change were never made at all, the change is held to involve an "injustice." "Society," it is said, would thus *violate an implied "pledge" of permanence* in existing arrangements.

No claim is put forward, ordinarily, that government or "society" has made any *formal* pledge that the tax system would never be changed. The thought appears to be that the *long continuance* of a system of allowing private individuals to realize the major part of the rent of land, has created a *presumption* of its *permanent* continuance; since that system has continued for generations, it is argued that "society" has allowed it to continue. Men have purchased land on the *assumption* that no change would be made (ever!) and at higher prices than they might otherwise have been willing to give. "Society," by the fact of not having changed the system over a long period and by "its" *silence* as regards "its" *intention* to change, has *implied* that "it" will *never* change the system and has thus "encouraged" such purchase of land. "Society" has thus, by implication, "pledged" that "it" will *never* change to the system of taking land rent in taxation for the public in place of other taxes *even* by the most *gradual* steps. For such a change would be likely to reduce, at least in some degree, the sale price of land and, too, though some landowners, even, would definitely gain, others would undoubtedly pay higher taxes and receive lower net incomes. Thus "society" would have done them injury by this change in the tax system and would have been guilty of a "violation of good faith."

Just what *is* this "society" which, in a world of continual change, has impliedly pledged that there will be no change in the tax system such as to increase even slightly the taxes on owners of land in comparison with taxes on others? And is "society" similarly estopped from making changes of policy detrimental to any other class? Does this mean that "society" violated an implied pledge if in the United States, after control by the Republican party from 1861 to 1885, a triumphant Democratic party adopted a new policy which reduced relatively the welfare of some who had counted on a continuing control of government by the Republicans? Does it mean that, in Great Britain, "society" will be violating some implied "pledge" of consistency in economic policy if the Labor party, which is a relatively new party not even in existence throughout hundreds of years of Parliamentary history, and which has never hitherto had a clear majority in the House of Commons, should now introduce and pass legislation not favored by any previous British Parliament, and which would change in any way or in the slightest degree the relative wealth and income of different classes or individuals?

Will not *some* conservatively minded economist be so frank as to declare himself unequivocally on this matter of an implied "pledge" by "society" and assure us that no party long out of power and, above all, no *new* party which has *never had* power, has any *right* to change the policy of the party or parties *previously* in power, when such change of policy is likely in any way or in any degree to reduce relatively the income or the value of the property of any class or individual—*unless* that class or individual is fully "compensated" with funds taken from other classes of persons? Certainly it would be most refreshing to hear or see a statement by at least one economist of conservative persuasion, that he *does* or that he *does not* subscribe to that view!

What, after all, does it mean to say that a particular change in policy—*e.g.*, a change in taxation—cannot be fairly made because “society” has impliedly “pledged” that the existing set-up will continue? Just who (or what) constitute “society”?

Human affairs are full of complexities. Policies may be determined by a king and some advisors, by a king or an emperor with his mind on the danger of antagonizing a feudal aristocracy, by a Fascist party subject to a tight discipline and (perhaps) limited in numbers, by a “democratic” parliament which in turn is swayed especially by the most selfishly alert and blatant pressure groups, and so on. And often—one is tempted to say *always*—some members of “society” disapprove of institutions and policies that others favor. Does the fact that those who disapprove of slavery, monopolistic extortion, tariff restrictions on exchange, or other such economic policies, have long been in the minority or, for some other reason, out of the seats of power, mean that if and when they get into power it is a *sin* for them to abolish these evils against which they have been protesting, unless they *buy* (“compensate”) from those who derive income therefrom the “right” to abolish the evils!

If part of “society” is being exploited by another part—by monopolists, slave owners, owners of the earth who can charge others for permission to work on it and live on it, or by any other privileged class—how *can* such exploitation be ended *without* taking *something* away from *somebody* and so making “society” violate an implied “pledge”! How, for example, can slaves be freed without such a “violation of good faith”! If they are freed directly by means of an emancipation proclamation, property value is certainly taken from the owners. If the owners are fully compensated, something has certainly to be taken from others *who might similarly claim* that “society” has been guilty of “bad faith” toward them!

Will our conservative economist friends, then, be frank enough to say, without equivocation, that if slaves are to be freed, not only must their owners be fully compensated but that this compensation *must rightly come chiefly or only from the slaves?* Will any one of these text-writing economists have *the frankness to say either that he does believe this or that he does not?*

If "society" is under a moral obligation, by virtue of an implied "pledge," not to change any existing and long continued economic institution or tax system without full "compensation," are the *victims* of that institution or tax system properly to be regarded as a part of that "society"? If, for example, in a slave state, the slaves are thus to be regarded as part of the "society" and so as morally responsible for "society's" implied "pledges," and if the slaves eventually become numerous enough and strong enough, or get enough sympathizers to help them, so as to be thereafter the *dominant force* in the "society," what are their "rights"? Are they guilty of a *sinful act* in case they stage a revolution, establish a new government and become free *without* contributing anything in future taxes to "compensate" their former owners?

Will some conservative professional economist please be so kind as to tell us, without equivocation, that he *does* or *does not* accept this view?

Then let him go further and confide to us his view that the freed slaves would be—or that they would not be!—still *more* sinful if they should go so far as to make their former masters pay taxes to compensate the one-time slaves for their various handicaps in education, health, etc., stemming from their long years in slavery!

Analogously, should landlords compensate the landless instead of vice versa!

But what if the slaves themselves, never having enjoyed any

other condition of life and having been duly proselyted (or "converted") into the religion of their masters, have accepted or (anyhow) pretended to accept their masters' "ethical" judgment that they—the slaves—are *rightly* slaves, that their enslavement is part of "the divine plan." Might not the conservative economics professoriate then contend all the more vigorously that the slaves, by their long "acceptance" of their status, are clearly *participants* with the other classes of "society" in the "responsibility" for the maintenance of property rights in slaves? Would such conservative professorial economists say, therefore, that the slaves have some "obligation," along with the rest of "society," to help see that no change is made in their status *unless* with full compensation to their owners? For must not such economists logically insist that there can be no obligation on "society" *unless* there is an obligation on the *component parts* of such a "society"?

Again, what if some slaves have inherited their slavery from forebears who were sold into slavery by their own parents, so that, if the present slaves have not "accepted" the institution in their own persons, they may still be said to have "accepted" it through acceptance by their ancestors who may even have profited by thus selling their children! (But it is not inconceivable that these ancestors were themselves exploited in some other way, *e.g.*, by landlordism, and felt obliged to sell some of their children in order to be able to feed the others!) Would our conservative professorial textbook-writing economists say, therefore, that the present slaves, vicariously through their ancestry, may properly be regarded as "responsible" along with the rest of "society" for the "institution" of slavery so as to make it their "duty" to oppose any steps toward their emancipation without compensation? Would such conservative professors say that, under such circumstances, the slaves must continue to suffer—and "justly"

—from the actions of their ancestors, since “the iniquity of the fathers” is visited “upon the children unto the third and fourth generation”?

In precisely what sense are the victims of the present land system “responsible” for it so that they *ought* to insist *either* on its continuance in perpetuity *or* on being themselves taxed to provide “compensation” for the to-be-henceforth-more-heavily-taxed landowners? Has the present land system been *agreed to*, consciously and understandingly, by its victims? Are we to conclude that they have vicariously—and hence bindingly!—agreed to it if any of their ancestors have ever approved it? What shall be said of the fact that, throughout the history of landlordism, the rich and influential have mostly favored it, that arguments against it and in favor of the socialization of land rent have rarely appeared in the public press, that university professors of economics have *mostly* either ignored it in their textbooks or have *attempted to discredit it* while giving *only cursory attention* to the case for it, and that the victims of the present system have, therefore, had very little chance to know the basic cause of their unhappy predicament? If interested groups, with the aid of ignorance and prejudice, succeed in establishing institutions that exploit the masses, must we conclude that the longer these masses have suffered, the more they are under an ethical obligation to continue to suffer?

Will conservative college and university economists take issue with these statements and insist that those who are handicapped by the existing landlordism *have* had a good and adequate chance to learn and to understand the cause and effect relations involved, that it *is fair* to assume they *should have* understood it long ago and that, therefore, since they have not previously changed it, for them to change it now would be *wrong*?

Or will our academic text-writing economists follow a different line? Will they admit that the victims of the system have *not* had, in the past, a good opportunity to reach understanding and that their lack of understanding of the matter may be partly the result of the very bias and the antagonistic propaganda of the system's beneficiaries? And will these conservative economists then say that if and when the victims of the system do gain understanding of it and come to dominate the political scene, these victims still cannot ethically change the system except as they arrange for "compensation" to be provided by the victims?

Why cannot our conservative friends in the economics professoriate meet the issue frankly and tell us either that they *do* believe or that they *do not* believe that the victims of a bad economic system cannot ethically demand relief *except* as they give "compensation" to those from whose exploitation they wish relief? Why hide forever behind the vague term "society"?

No doubt it can be pointed out that some persons who own no land may have been able, through land rents received by their parents, to enjoy an education in (for example) law or medicine which they could not otherwise have had and because of which they are now able to receive above-average incomes—*though not without working*. Also, it can be urged that there are some persons not now landowners who have gained from the present system—by which, in general, common folks have suffered—through sale to others of land which community development has caused to increase in value. But *few such will have reinvested the proceeds without again becoming owners of land*. In most cases they will not have purchased buildings, etc., without purchasing the land on which these rest. And no thoroughly *competent* economist can conscientiously contend that if such sellers of

land have invested in the stocks of corporations, they no longer own land—unless *the corporations own no land*.

But those professorial economists who are forever seeking some objection, *however microscopic*, to the land value tax program, must surely realize that there is no way of proving what persons, not now landowners, have indirectly gained from the landlord system or how much these have gained, and so of making *them* provide the desired "compensation." Such economists must surely understand, if they are at all able to analyze the matter objectively, that in any system of "compensation" which could in practice be adopted, the "compensation" would, in fact (unless paid by those to be "compensated"!), be largely even if not entirely extracted from those who had been—and who thus would still be—victims of the landlord system. To assert that "society" would provide the compensation *merely serves to prevent us from inquiring* into the question of who precisely would provide it and whether the *victims* of the system would mostly provide it.

And so it is difficult to avoid the suspicion that the presenting of these various considerations is a bit disingenuous, that they are not presented with any serious idea of finding a satisfactory way of getting to the land value tax system but rather with a desire to make any such reform appear so complicated and difficult as to be not worth attempting.

Since our conservative economists claim that it is "wrong" or "unfair" or "unjust" for "society" to change its tax system toward public appropriation of land rent, *however gradually* and *after however long discussion*, unless there is "compensation," must they not logically contend that it is equally "wrong" for previously uncomprehending victims of the present system to support or *urge in any way* this "wrong" or "unjust" policy? Might not some of these economists

truly feel that "society" should do "its" best to *suppress* any such "dangerous" agitation?

#### IV

THE FACT is that the notion of any "pledge" by "society," making it a "violation of good faith" to change the tax system, is fundamentally preposterous. The implied "pledge," if it could be said to have any reality, would be nothing more than a long continued economic policy or custom, a sort of community habit. But taxation has changed in such numerous ways as to suggest, rather, the *lack* of any consistent taxation policy or custom and to give the notion of an implied "pledge" very much the appearance of a *myth*!

Tariffs on trade between countries have been subject to alternating increases and decreases. Taxes on the production of specific commodities have been successively introduced, increased, decreased, abolished and again introduced. Property taxes have been the main source of revenue, have been then supplemented by other taxes, have been increased and have been decreased. Federal income taxes have been introduced, abolished (by decision of the Supreme Court), reintroduced, increased, decreased and again increased. States which had previously taxed property but not incomes as such have added income taxes. These income taxes have been levied at a fixed per cent (above exemptions) and at graduated per cents according to the amount of the income taxed. Our Federal income tax has at one time been levied at the same rate on incomes of a given size, regardless of source and at another time has been levied at a higher rate on income from property than on income from labor. Taxes on inheritances and bequests have been introduced and raised to very high levels after long immunity from such taxation had given the impression to accumulators of property that all of this property could be bequeathed to and be enjoyed by their heirs.

The Federal government and the various state governments have levied excise taxes on specific articles, such as intoxicating beverages, cigarettes and gasoline and, later, many of the states have introduced, also, the general retail sales tax. One state legislature, that of Pennsylvania, has enacted the "graded tax law" applying to cities of the "second class" in Pennsylvania and providing for higher rates of taxation on land than on the buildings thereon. This is the system described above in this paper in connection with Pittsburgh. In various other sections of the United States campaigns have been waged and—sometimes—a substantial number of votes have been cast for a land value tax system. Not a few cities in Australia, Northwestern Canada and New Zealand tax sites and not improvements on them, or tax sites at a higher rate than improvements. Steps have been taken toward this system in Denmark and in British South Africa and the policy has been debated at length in Great Britain where a good many cities, through their local governments, have formally requested Parliament to make possible for them the system of (as they express it) "rating on land values."

Surely, then, those who insist that "society" has made even an *implied* "pledge" not to change the tax system *or* not to change it in any particular direction *or* not to change it in *this* particular direction, are the gullible victims—though gullible, probably, largely because of their prejudices—of a fatuous myth.

Indeed, in many of our economic policies other than taxation, change has been frequent and, therefore, is reasonably to be expected. We first allow the manufacture of intoxicating beverages, then prohibit it, then allow it again. We allow monopolistic businesses to be free of prosecutions and of regulation and subsequently apply one or both of these devices. We permit young men to spend years of apprentice-

ship mastering a trade and later set up trade schools, or curricula in the regular public schools, in which we train other young men to compete with them. We establish a monetary system through which the general price level sometimes rises and at other times falls. Some of our policies have been, indeed, unwise and unfair but, if so, it is because they are intrinsically bad and lead to bad results and not because they violate an implied "pledge" to make no changes. In the world in which we live, it is more accurate to say with the poet, Longfellow,<sup>4</sup> that

All things must change  
To something new, to something strange:  
Nothing that is can pause or stay:  
The moon will wax, the moon will wane,  
The mist and cloud will turn to rain,  
The rain to mist and cloud again,  
Tomorrow be today.

In such a world of constant change, *including change in social and economic policies*, surely it is a *ridiculous* assumption that human beings are committing a *sin* when they try to change one particular line of policy—*involving land rent and its taxation*—of which they feel many are victims. Surely it is reasonable to presume, rather, that men purchase their property or make their other commitments knowing that tax policies and taxed objects have changed, do change and are likely again to change, and assuming this risk when they purchase. Surely it is a fair presumption that purchasers of property have, if anything, even less right, and certainly no more right, to block a *desirable* change in tax policy or to be "compensated" because such a change is made, than to block any of the various changes to *worse* systems or from one bad system to another!

Each substantial effort to educate the electorate to the

<sup>4</sup> In *Keramos*.

advantages of the public appropriation, by taxation, of the major part of the rent of land, is a notice to landowners that they may not always be able—or that the next generation of owners may not be able—to live on the rent of land. Each step in substituting land value taxation for various other and relatively undesirable taxes constitutes a notice to owners of land to prepare for a time when they can no longer live by charging others for permission to work on those parts of the earth where work is relatively productive or for permission to live on those parts of the earth where life is relatively pleasant or for permission to draw from the earth subsoil deposits placed there by geological forces.

Let those who themselves understand the evils of the present system strive, then, to spread understanding among others as widely as possible, to the end that adoption of a land value tax program be not indefinitely delayed. For *the slower we are in getting this program adopted fully, the longer will the victims of the present system continue to be victims.*

But if some of our number are disturbed lest rapid progress of the reform—without which, as indicated above, present evils must continue correspondingly longer—cause sudden and substantial loss to any owners of land for whom their sympathy may be aroused, let them reflect that the change cannot proceed faster than an increasingly informed and interested public opinion will permit; that even revolution, unless there has come to be such an informed public opinion, would almost certainly proceed in a quite different direction and on the basis of an entirely different ideology; and that those owners of land about whom they are concerned will have ample time to become adjusted to the land value tax system and certainly need not be both greatly and suddenly injured by it.

Whatever other views may be held by the economics profes-

soriate of the new generation, let us hope they will not hold the *utterly silly* view that, in a world of constant change, some vague inchoate "society" is under a moral obligation *never* to change, no matter how slowly, towards the realization of a tax system which would appropriate all or nearly all of the rental value of land to public use. Let us hope that, with a new generation of teaching and text-writing economists, the *fatuous myth* of a binding implied "pledge" of this sort, on the part of "society," will finally be visited with the ridicule it has long deserved. Let us hope that to this new generation of professorial economists the claim of landowners to future rents undiminished by any greater relative taxation of land values than now will not be the *sacred crocodile* it has apparently been to many or most of the text-writing economics professoriate of the last several decades. Let us, in short, fervently hope that the new generation of text-writing professors of economics—and teachers of economics—will approach the land and tax problem not only with sympathy for the great majority, who are victims of the existing system rather than beneficiaries of it, but also *with a modicum of common sense*.

*University of Missouri*

## The Subject Matter of Sociology in College Education

*By KAETHE MENGELBERG*

SOCIOLOGY TODAY is a generally accepted course in undergraduate curricula, but nobody can say what the proper subject of sociology really is. Some teachers hold that this is due to the fact that sociology as a science is so young that it has not yet succeeded in circumscribing its area, but that in due time the true meaning of sociology will emerge out of the growing compilation of figures and facts. Others accept the situation without scepticism or challenge, taking one of the textbooks of sociology and following the guidance of its author, or discussing all problems of actual interest in the field of the social sciences which do not have any other adequate place. Some teachers in sociology are aware of the basic and unique difficulty of teaching it; others consider the textbook and various selected articles sufficient authorization for continued instruction which calls desperately for clarification in method as well as subject. Teachers outside the field of sociology cherish the hope that sociology one day may die a natural death due to indigestion of unrelated facts, and college administrations stand aloof as long as students continue registering for the course. Some, perhaps, are amazed when, by chance, through a glance at different textbooks, they become aware of the fact that there is a definite lack of unity of opinion concerning what students of sociology are supposed to learn. "Is it possible," they ask, "that one can pretend to teach a science if there are no generally accepted principles, nor any common basis binding to every scholar in the field?"

This paper is an attempt to explain what sociology as a subject of instruction could legitimately accomplish and to indicate its proper place in the social sciences. We will discover, however, that it is not what some sociologists believe it to be.

## I

THE ROOT OF ALL THE DIFFICULTIES about sociology—the lack of a basic agreement as to what it is, which methods ought to be used in teaching and research, which problems are to be dealt with, and what the limits of its proper field are—lies in the fact that sociology is supposed to be a new and specific science, a social science which is different from all other social sciences and which has its proper and exclusive set of problems. The ultimate ambition, either tacit or stated, of most sociologists is to discover and describe the "laws of human society." They usually assume that there are laws ruling human relations independent of the individual specific circumstances and conditions under which people live. They aim at drawing general conclusions from a broad variety of experiences. The results obtained are extremely meager, colorless, and trivial. They have brought about the opinion prevalent among social scientists who are not sociologists, that everything sociologists have to say is a bundle of banalities and that sociology is a science which tries to prove what everyone knew before anyway.

As long as sociologists use their effort and their admirably refined methods of research for these ends, the result has of necessity to be disappointing. Whether there are *general laws* in social relations and social development is a problem which only the *social philosopher* may pose; he may try to answer it by way of his own interpretation of social development, but it never can be solved by compilation of facts and methods of research. In other words, it will always remain a personal evaluation of social development.

The origin of the mistaken ambition of sociologists to find laws governing human relations in general may be traced to the fact that those scholars who are considered to have laid the foundation of "sociology as a science" actually have been social philosophers (Comte, Marx, and Spencer) who attempted to interpret social relations according to their own preconceived philosophy. Marx's analysis of social development, for instance, grows out of the hypothesis, "All history is the history of class struggle." On the basis of this statement he attempted to interpret social relations and conflicts, to come to conclusions about future social development, and to find devices as to effective social and political organization and action. To Spencer, on the other hand, social institutional evolution is part of the cosmic process of development. "Sociology" to him is one phase of the application of the evolutionary formula which led him to believe that social development cannot be controlled by human intervention and guidance.

The conclusions which these original founders of sociology finally drew from their investigations concerning society and social relations are the direct derivation of their own concept of society. Whether they are right or wrong is and will always remain a matter of our speculation. Whether we consider them right or wrong depends on our own consent to their interpretations and the evidence they have succeeded in gathering to support them. Laws of society, social relations, and social development as a general proposition are subject to scientific study only for the social philosopher who attempts to show by his analysis a verification of his own original philosophy of history.

If sociologists who claim that the field of their study is a special science consider it untenable to subscribe any longer to one of the attempts of former original thinkers, they have

to be genuine social philosophers themselves and to offer an original theory in order to provide the indispensable methodological basis for any meaningful specific investigation concerning "general laws." It is obvious that most sociologists today do not meet this prerequisite. They do not have any convincing theory about society at all. They completely disregard or are not even aware of the fact that without a pre-conceived concept of social relations they never will be able to give any meaning to the actual operation of such relations.<sup>1</sup> Their concerted effort attempts by minute research and statistics to explore and explain the interrelations of individuals in groups and their "working to, for, and with each other," with the aim of piecing together sometime the whole puzzle of society and the laws ruling it. Collecting facts, ordering, counting, and measuring them, and drawing correlations, however, will never help to understand "the laws ruling society." The assumption on which this type of research is based, that fact-gathering eventually leads to a synthesis, is certainly erroneous. Much of the endeavor put into sociological studies at present, on the basis of this assumption, is therefore a waste of time and energy, mostly spent on research of a merely descriptive nature in social behavior, social relations, and institutions, which presents nothing but a collection of factual data without even trying to open a view into the forces which contribute to the development of actual social problems. No wonder that clear-minded people become more and more skeptical about the road sociologists are travelling! Since we do not have any workable theory to offer, and since merely a compilation of social data cannot be expected to reveal "laws" of human society, we have to change completely the focus of interest in a study of society.

<sup>1</sup> Some nevertheless pretend to find a way to regulate social life scientifically by "insight" into the laws operating in society; hence the term "applied sociology."

## II

THE REASON WHY *teaching* sociology today presents such a confusing task, highly unsatisfactory to teachers who care for intellectual honesty, rests with the fact that authors of textbooks usually approach the material with the definite idea in mind that sociology has been accepted as a science of its own, and that the establishment of laws of social relation is unquestioned, a presumption which enforces a predominantly biological approach to the problems presented.

To illustrate the point, let us consider the material offered in a course in "Introductory Sociology" as organized by most of the textbooks in use. Man, here, is conceived as one peculiar kind of all the living species. The less he deviates from "typical behavior" the better he presents material for sociological study. To become a proper subject for sociology his individual traits, be they personal, national, ethnic, or historical are put aside. Thus man, in the "science of sociology," is taken predominantly as a biological unit. Not by chance, therefore, introductory chapters in textbooks are heavily loaded with facts and results drawn from recent experiment in biology, a heritage of the Spencerian approach. Special situations in social group-relations with reference to competition and co-operation, crowd behavior, propaganda and the like, are used mainly as examples to illustrate general statements; never are they as a unique phenomenon to be explained.

Why is this kind of approach so highly unsatisfactory? Why does it lead to trivial platitudes only and neglect to give students a firm basis from which they would be able to understand and progress in exploring sociological problems with which they are confronted today? Because—preoccupied with a biological viewpoint—the method in presenting material has been taken over without questioning from the natural

sciences: it is assumed that general standards for the study of human society can be established; it is assumed that "mankind," as a whole and as different from animals, is the object of sociological study;<sup>2</sup> it is further assumed that one can establish a "historical vacuum" (which in itself is a *contradiccio in adjecto*) to figure out how people behave and how they should behave in order to eliminate "social problems." It is obvious that these assumptions are indiscriminately taken over from the natural sciences. In dealing with human society this method is utterly inadequate. Human group life differs from any other not primarily in the fact of language, but in that it reflects *spiritual values* which makes every concrete society different from any other. Human social life is always conditioned by different values, beliefs, and environment, resulting in different attitudes which do not lend themselves to generalizations because they are unique historical phenomena. There is no such thing as a "standardized" human society, whose sound working could be considered "normal" and from which deviation gives rise to "social problems." Whether a social problem exists can only be measured by our ideals and not by an arbitrarily set up normalcy of social life. For example: a high divorce rate constitutes a problem only if we hold the family as a valuable basic institution for a sound society; the same proportion of divorces would not have been considered serious in Soviet Russia during the Twenties due to a different concept of an ideal society. Problems, as, e.g., unemployment, slums, substandards in health, etc., change their character in causes as well as remedies if we are dealing with societies built on different value premises.

Does all this mean that there is no place in our colleges and universities for the investigation and discussion of sociological

<sup>2</sup> Frequently textbooks state the command of language as the basic difference between man and animal, ignoring completely that language and all its uses are something essentially different than a physical skill—namely: a vehicle to express and convey thoughts.

problems? Far from it. There is a vast variety of them in past and present societies which we may legitimately pose to sociologists. They are worth while investigating, and, according to our present scheme of departmentalization, are better taken care of by a special division than by any of the others (history, government, political science, or economics) in the social sciences. What we have to discard, however, is the pretense to present a "special science," the "science of society" with a unique task and a particular subject within the social sciences. If we are willing to accept this limitation, to resign to never being able to figure out the "laws of human society" by sociological study, and to look upon sociological problems as *one part* of the concrete problems posed to all social scientists, we may find a proper and significant place for both teaching and research in "sociology."

### III

THE SEARCH FOR GENERAL LAWS cannot be accepted as a legitimate purpose of sociological studies, but this ambitious approach including all mankind can be replaced by focusing interest on *social problems of any specific society* and by attempting to understand and explain their origin and their nature. This would account for the undeniable fact of their differentiation under different circumstances. Today it makes an understanding of the economic trends and forces at work indispensable, because in a capitalistic society almost all social problems rest on economic relations. But notwithstanding this dependence on information in economics—especially with reference to contemporary problems—sociology has its specific task, because it breaks down the assumptions which force the economist to argue in a vacuum unless he oversteps the boundaries of his own "science." Sociological studies, then, have to be focused on the understanding and explanation of *specific situations of our—or any other—actual society*.

Sociology, therewith, is apt to become a branch of the social sciences which has much in common with history, and also political science, especially in its modern cultural approach. However, it distinguishes itself from history proper by very definite features. Let us take, for clarification, the rise of National Socialism in Germany as an example to show what a sociologist has to contribute to the analysis of a recent historical event. While the historian is predominantly interested in describing the different singular events following the movement and the influences of different personalities in the leading group, the sociologist will approach the problem from the social angle. How was it possible—he may ask—that in these specific years in Germany a doctrine and political slogan could be accepted by a large majority of the people? From here he is apt to move into an analysis of the class structure of modern society and the peculiar social situation and mentality of the lower middle class in Germany. Sociologists, for their purpose of understanding social developments, more or less eliminate the influence of outstanding individuals on history and tend to focus interest on the rôle played by social situations and social behavior. Inasmuch as the situation is not completely unique in Germany, and as similarities can be shown in other countries of western culture, they may legitimately raise the question of Fascism as an international phenomenon, a problem in which a historian would only be interested *post factum*. Such an attempt at "generalization" can be considered legitimate; it is basically different from the type of generalization criticized before, which disregards the conditioning of action and attitudes through specific social situations, as in this case Western culture in the twentieth century.

The race problem may provide another example illustrating the effect of the change in interpretation of "sociology" on

subject and methods of teaching and research. Sociologists certainly are authorized to study race relations, since they present one of our most pressing social problems today. There is a definite need for clarification of the issue, the facts pertaining to it, the attitudes towards it, and the measures which might be taken in order to materialize the desired pacification. The race problem is in its very nature a genuine sociological problem, because it is a problem of group relation and group behavior, tied up with the specific structure of our society. Most sociologists today, however, approach the problem of race and race relations from the biological viewpoint.<sup>3</sup> Races are understood to present types of physical appearance differing in color of skin, form of skull, slant of eyes, etc. Attempts have been made to correlate these types with certain psychological traits and behavior patterns. But they are looked upon as derivatives only. Regardless of whether or not "race," in this biological sense, is a useful concept, or whether or not modern science has to discard it, discussions of this kind do not have any legitimate place in sociology as a social science. It is the privilege of biologists to fight them out. If sociologists in their analysis of race relations confine themselves to quoting the findings of biologists, they deprive themselves of the chance of making a contribution of their own. They also miss the point that the social problem of race relations begins where the biological leaves off, that race prejudice is a phenomenon as prominent as any biological fact; it develops under specific social conditions and lives a life of its own, independent of any valid biological basis. Paraphrasing a Marxian statement<sup>4</sup> one could say, "Races are races, *only under certain social conditions* they become castes and outcasts."

<sup>3</sup> An outstanding exception is the recent publication, "The American Dilemma," by Gunnar Myrdal, which also is an excellent illustration of the suggested sociological approach.

<sup>4</sup> "A Negro is a Negro. Under certain social conditions he becomes a slave."

How can the continued existence of tension between the races be explained although the biological basis has been proved to be wrong? In order to answer this question, sociologists will have to turn their attention to historical developments, economic situations, and social institutions instead of physiological traits. In their research they will have to accept the fact that problems of race relations—as far as the social sciences are concerned—are determined by social conditions which can be understood only as a result of historical developments. Thus the problem of race relations in Nazi Germany derives its specific character from the social and political history and the class structure in Germany. The Jewish problem has different facets in England, in France, in Southeastern Europe, and in Palestine; it has its peculiar features in the United States, and here again it is essentially different from the Negro problem in this country. Thus far the U.S.S.R. has succeeded in handling her minority problems very successfully; she has done this without any reference to biological findings, merely on the basis of her political ideology. The implications of the race problem can only be understood, and a constructive policy enacted, by evaluating the concrete social and political factors involved in any particular case. Biological knowledge simply will not suffice.

#### IV

ONE MORE ILLUSTRATION may be added in order to indicate how the proposed change in approach will affect the method and material under discussion in "sociology." Take, e.g., the family as one of the social institutions which command high interest among sociologists. Which problems concerning the family ought to be elaborated on, if it is taken up in "sociology" and even taught in special courses for advanced students in the department?

Traditional textbooks—general as well as special—begin with analyzing the family as a general institution of human society on the basis of sex and blood relations. Here again the point of departure is a biological one, since this is the only common denominator of all human societies with reference to the family. This approach obviously implies the existence of, or aims at finding, general laws and behavior patterns of family relation. Sex relations are frequently discussed at length; even research papers with statistics regarding sex relations are published as "sociological studies." They are of no legitimate interest for sociologists as social scientists as long as they are not seen in relation to a *specific social situation* under scrutiny. That is to say, a sociologist should look upon the family as an institution functional to other social facts. Sex and blood-relation *in general* are the realm of the biologist, physiologist or maybe the social psychologist. Sociologists have to begin from another point of departure. They have to explain the *variations* of family life under different social conditions. They have to aim at describing differentiations of family relations in connection with the changing pattern of society. Legitimately the sociologist might ask, "What are the factors which contribute to the increase in divorce rate in recent years or to the decline in birth rate for several decades, and how have these changes again affected, for instance, other social changes like housing or the acceptance of women on the labor market?" There are enough problems of the family worth study by sociologists even if they leave physiological facts to whose ever domain they belong; they even gain in attractiveness by concentration on specific situations and do not lose anything but their triviality if we discard the attempts to generalize.

Examples could be multiplied to make still clearer what is understood by sociology as a true social science; most of the

traditional topics remain important even after eliminating the generalizing tendency. What has to be changed is primarily *the way of approaching them* after we have gained clarity about the main issue—that the task for the toilers in the social sciences is to attempt to explain *differences and changes* in the course of social development rather than to understand "human society in general."

The subject and method of sociology thus described will also indicate a more satisfactory way in which sociological material may be offered in undergraduate courses. Students today frequently feel unable to grasp what they are supposed to study due to the vagueness of the approach and the lack of a firm methodological basis. Although we cannot expect them to be able to specify the true source of their grievances regarding the subject matter of sociology, their complaints should be taken seriously as an indication that something is wrong with the presentation.

College students who choose sociology as their major usually want to go into social administrative work or into social research regarding present social institutions and situations. Courses in sociology, therefore, will meet their needs and interest in making them acquainted with the basic social problems of our time and the near future; that is what they expect to get and what they are eager to learn.

The same is true for the large number of registrants in sociology who take the course out of intellectual curiosity as one of the electives without intending to make practical use of it.<sup>5</sup> They all want to understand the Why and How of the social problems which confront them here today or tomorrow. What we know so far about general laws of social develop-

<sup>5</sup> Those who continue to do scientific work in sociology have to be confronted with the complexity and even with the confusion prevalent in the field, because only through their direct contact with it chances may develop to outgrow the present unsatisfactory situation. It is desirable, however, that they meet these problems as graduate study students only.

ment is of no avail to them; an attempt to expose them to what is written about these "laws" in sociology texts today serves only to undermine the highly needed clarity of thinking and fosters an attitude of false pretensions.

*New Jersey College for Women*

## Christianity's Postwar Demands

A PEACEFUL Christian new world order envisages the democratization rather than the collectivization of the national economy. Social justice demands that industry, finance and agriculture function, not for the benefit of a few, or for the majority but for the welfare of all. It requires that private and co-operative ownership be widely diffused in all spheres of economic life. Genuine social democracy, rather than socialization of industry will assure laborers not only wages amply sufficient for family needs, but also a due share in the management, profits and ownership of our major industries. Furthermore Christianity insists that women in industry are entitled to the same wages and equality of treatment for the same work output as men. Through such application of Christian social justice the democratic control and development of the world's economy will promote and consolidate the unity and common welfare of the whole community of nations.

Power politics is not compatible with Christianity, neither can it generate true world peace. Domination by a powerful State or by a bloc of States of the great human family can never create true democratic order. Communistic enslavement of Eastern Europe by Soviet Russia, even though it be done with the connivance of other nations, spells the doom of world order, or of a united peaceful Europe. Neither world peace nor the democratic way of life can germinate in such a stifling and unhealthy political atmosphere. Domination of the world by any "Big Three" or "Big Five" spells imperialistic enslavement rather than a just democratic peaceful world.

Common sense and Christianity agree that the world cannot be either peaceful or prosperous should war victors set about to create economic slums in the heart of Europe. Measures aimed at reducing future generations to an agricultural level involve injustices which, later, will take their costly toll from those peoples responsible for such enslavement. Such action inevitably generating cesspools of hate in the heart of Europe will infect the world with germs of future wars and social disintegration. Generous and realistic application of the Good Samaritan's doctrine can save millions and millions of lives throughout Europe, otherwise doomed to inevitable death.

DONALD A. MACLEAN

*Catholic University of America,  
Washington, D. C.*

# The Geopolitics of the Balkans

By JOSEPH S. ROUCEK

THE GROUPING of Albania, Bulgaria, Greece, Roumania and Yugoslavia under the common term "Balkan" is in a sense artificial, because the five states do not form a cultural or an economic unit.<sup>1</sup> With certain exceptions, the territories of these states once were comprised within the Ottoman Empire.

A natural thoroughfare between Europe and Asia, the Balkans have become the home of an intermixture of national and racial groups tossed about by the ebb and flow of conquest. Wave after wave of invaders have over-run the region, imposing alien cultures upon the resentful victims and adding new deposits to a perplexing mixture. In general, Balkan history is rich in tidal sweeps that have imposed upon the present generations memories of victories and defeats, embroidered with passionate partisanship. At least a part of each of the Balkan peoples at some time or another has been under the domination of its neighbors. And above the intra-Balkan conflicts, there always has been the memories of the conquerors sweeping periodically over the Balkan Peninsula.

## The Ancient Times

ALL THAT WE KNOW about the people who invaded the Balkan Peninsula around 3,500 B.C. is that they came as warring nomads from southern Russia. Twelve centuries later, around 2,300 B.C., the Thracians came here from Asia Minor. They were followed around 2,000 B.C. by the Hellenes from the south and Illyrs from the north. The Hellenes are still settled in what is now Greece, although they have intermixed with other groups in the Balkans and Asia Minor. The Al-

<sup>1</sup> Joseph S. Roucek, "The Politics of the Balkans," New York, McGraw-Hill Book Co., 1939, p. 1.

banians of today claim that they are the direct descendants of the Illyrs. The Czinczars are the descendants of the Thracians.<sup>2</sup>

Then the Romans came around the time of the birth of Jesus Christ and spent about two centuries conquering the Balkans. Culturally, however, the Roman-language penetrated only the regions near the Adriatic; all the rest of the Balkans was dominated by the Greek thought and culture. In the fourth century, the Roman Empire, in the process of disintegration, the barbarians started reaching the Balkans. The Visigoths came first. After the death of Theodosius the Great (395), the Roman Empire split into the Eastern part under Arcadius, and the Western part, under Honorius. The Visigoths were accepted into the Roman army and settled in what is now Bulgaria. In the fifth century, the Huns reached the Danubian plain. The sixth and seventh centuries mark the high tide of Germanic and Slav invasions. As the Ostrogoths and Longobards drove into Italy, the vacuum left behind them was filled by the Slavs who came from the plains between the Carpathian mountains and the Vistula and Dnieper rivers. They first spread over Slovakia, Moravia and Bohemia. The southward rolling Slavs reached Dacia (present-day Roumania) by the end of the fifth century, and thereafter were raiding the Byzantine possessions in the Balkans. In 629 Emperor Heraclius concluded a treaty allowing the Serbs and Croats to settle in the western parts of the Balkans (what is Yugoslavia today).

Another invasion came around 680, when Aspēruch led a branch of Huns who had come from the Caspian sea, and settled these Bulgars in what is now Bulgaria. They subjugated the Slavs there, but only to be gradually swallowed by

<sup>2</sup> For the social organization of these original settlers of the Balkans, see: Stoyan Pribichievich, "World Without End," New York, Reynal & Hitchcock, 1939, chapter one, "Migrations," pp. 17-26.

them. By the ninth century they became indistinguishable from Slavs; only the name, Bulgar, has remained to this day.

The other Slavs had to fight off the invaders. The Croats were subjugated by the Franks toward the end of the eighth century, but shook off the German rule at the end of the ninth century and created a powerful kingdom under Tomislav (910-28). The Slovenes, their western neighbors, also came under the Franks, but remained under the Austrian yoke until 1918.

#### **The Split Between the Northern and Southern Slavs**

THE HUNGARIANS, a Mongolian people (a variety of Finno-Ugrians, or Turco-Tartars), appeared around 890 at the foot of the Carpathian Mountains. They crossed the mountain range and by 900 had completed the conquest of what is now Hungary. They conquered Slovakia and kept it until 1918. They were the last invaders to stay in southeastern Europe until today. And, what is more important, they drove a wedge between the northern Slavs (Russians, Poles, Czechoslovaks) and southern Slavs (Yugoslavs and Bulgarians).

#### **The Religious Split**

THE SPLIT BETWEEN the Catholic and Orthodox churches, effective in the fifth century, was officially proclaimed six centuries later. While the Germanic Holy Roman Empire took over the civilizing mission of Rome, Orthodox Byzantium worked in the Balkans, starting with the seventh century. But a portion of the Balkan Slavs, geographically too far away from Constantinople, fell under the spell of Rome. The Croats and Slovenes came under the influence of Rome starting with the eighth century. The Balkans, therefore, provide a dividing line between the competing forces of the Catholic and Orthodox churches. Latin Teutonic and Byzantine-Greco-Slav influences have found here their battleground.

### Memories of Imperial Glory

EACH OF THE BALKAN PEOPLES can point with exaggerated nationalistic pride to the times when its particular kingdom dominated the Balkans wholly or in part. Tsar Simeon (839-927) of Bulgaria conquered the Serb tribes and all the territory between the Black Sea and the Adriatic and imitated the Dream of Empire of the Byzantine emperors. After him the Bulgarian territories came under the suzerainty of the Byzantine Emperors (1018-1186). The Second Bulgarian Empire (1186-1258) is remembered as another glorious epoch. But Tirnovo (the capital of Bulgaria) fell to the Turks in 1393, and Bulgaria's last King died in a Turkish prison.

The Croats also have their claim, as in the eleventh century, under King Kreshimir, they possessed the entire Dalmatian coast and half of present-day Yugoslavia. But in 1102 the Croatian nobility acknowledged Hungarian kings as theirs "forever" and up to 1918 Croatia had been but part of Hungary. Dushan the Mighty (1331-55) conquered most of the Balkans for the Serbs and proclaimed himself Tsar of the Serbs and the Greeks and tried to inherit the rôle of Byzantium. With his death another imperial dream perished. Then, at the end of the sixteenth century, Michael the Brave succeeded for a brief span of time in uniting all the Roumanian provinces—Moldavia (including Bessarabia and the Bukovina), Wallachia, and Transylvania. He realized, for a very short period of time, the dream of a United Roumania so greatly cherished by the Roumanians in later days. The greatest historical figure of Albania, George Kastriota, called Skanderbeg (1444-1468), united the Albanians and won from the Pope the title of the Athlete of Christendom as a victor over the Turks. The Greeks always remember that the Byzantine Empire, saturated with Greek ideas, remained the heart of civilization for ten centuries, and the Patriarch repre-

sented the Orthodox Christians in Constantinople during the centuries when the Turk dominated the Balkans.

### The Turkish Conquest

BEFORE THE TURKS STARTED on their conquest of the Balkans in the fourteenth century, the Balkans had been undergoing the process of transforming the supernational order of the Byzantine Empire to that of national States. Five recognizable nations, each with a comparatively clearly marked central territory, had emerged: the Bulgars, the Serbs, the Croats, the Greeks and the Albanians. With the exception of the Albanians, each had produced its State, although the Croat State had since the eleventh century formed part of the Lands of the Hungarian Crown, and many of the Greeks had passed under Venetian or Genoese rule after the Latin conquest of Constantinople in 1204.

But the Turkish invasion carried the Turkish hordes all over the Balkans, including Byzantium and the Romanian Principalities and Central Hungary. As a result, the social order which had been developing along national lines in the Balkans, vanished with their political independence. The vast majority of the Balkan nations was reduced to a primitive peasant mass, with peasant economy and the peasant social outlook.

### The Gradual Removal of the Turk

IT IS IMPOSSIBLE to understand the Balkans without remembering that Turkey ruled them up to a century ago. They dealt with their subject nationalities in the manner suggested by the word "rayah" (cattle or herd). That word was very descriptive of the relationships between the Turkish conquerors and the conquered Christians. While the Moslems served the Ottoman Empire with sword and Koran, the "rayah" maintained it with labor and taxes. The only link

between Constantinople and the "rayah" was the Greek Patriarch in Constantinople.

In the eighteenth century the Patriarchate fell into the power of the phanariotes, the wealthy Greeks, who established themselves in Constantinople and worked hand in glove with the Turks. They persuaded the Sultan to put the whole of the Balkan Church under the power of the Patriarchate of Constantinople, an institution which they kept in their pocket. They then turned the church into an elaborate fiscal system for fleecing the Slavs. Those Slavs who wanted to become priests had to play traitors to their own blood and, if they displeased their masters, they were beaten, as the servants of the Greek clergy, during divine service before silent congregations of their own people.

There was also a rut-less campaign against the speaking of the Serbian and Bulgarian languages, and an attempt was made to enforce the use of Greek over the whole of Macedonia, instead of the small southern district to which it had long been limited.

The climax of Turkish expansion was reached in 1683 when the gates of Vienna were reached. Thereafter the Austrians started pushing the Turk back into the Balkans. During the nineteenth century, the Turk was pushed aside slowly by the combined forces of internal disintegration and the pressure of European armies on his frontiers; by the third decade of the twentieth century he had been almost entirely driven out.

During the nineteenth century the Christian peoples of the Balkans gradually and often against the wishes of the European Powers (Austria-Hungary, Russia and Great Britain) transformed the map of the Balkans into one of nominally sovereign states: Serbia, Greece, Montenegro, Roumania, Bulgaria, and, in 1913, Albania. In fact, European international

relations in the fifty years preceding the outbreak of the First World War were closely bound up with Balkan problems—the disruption of the Turkish Empire, the rise of Balkan statehood, and the ensuing conflict of interests among the Great Powers.

Since Turkey controlled the Dardanelles and the Eastern Mediterranean, the onslaughts weakening the Porte were of pivotal significance for Russia—posing as the natural protector of the Slavs as well as of Orthodox Christians in the Balkans. Austria, anxious to control the Danube at its mouth and the Dardanelles as the outlet for the Danube commerce, was deeply agitated over the possibility of having strong Slavic states under Russian mentorship at her back. German jingoes, envisaging a great empire along the "transversal Eurasian Axis," devoted themselves to fostering the Berlin-Bagdad Dream. England, eager to keep Russia out of Constantinople, doggedly worked for the safety of her gateway to India. France, accustomed to regard herself as the defender of Christianity in the Mediterranean orbit, found her claims contested by upstart Italy. Each of the Great Powers had its own protégés among the Balkan nations, and each of these in turn sought to obtain territorial gains, including an outlet to the sea, without regard to the incorporation of national minorities in its domain. The Balkan Wars of 1912 and 1913 led, directly and indirectly, to the World War; enlarged and confident, Serbia grew attracted to the idea of freeing all fellow Slavs from Austria-Hungary. Her hatred for Austria was to spark the powder-keg.

#### **The Balkans and Imperial German Aspirations**

IT IS IMPORTANT TO NOTICE that the First as well as the Second World War were also related to the Balkans as a stepping-stone in the German plans for world domination. Haush-

hofer's *Geopolitik* was a continuation and an extension of the German Kaiser's dream of *Drang nach Osten*, a plan of a German Empire based on the "transversal Eurasian axis" from Hamburg via Prague, Budapest, Constantinople, and Alexandria to Basra on the Persian Gulf—nothing less than the shortest land route between the Atlantic Ocean (North Sea) and the Indian Ocean (Persian Gulf).<sup>3</sup> What the West was for the United States in the past, the Balkans (and the Near East) were for both Hohenzollern and Nazi Germany—vast, undeveloped, and promising territories, with millions of potential buyers of German goods, an empire that might bring lasting prosperity to the German *Herrenvolk*. Let England worry about her sea route to India, the artery of the British Empire—Germany was on the way to securing the land route to Asia!

German control over this gateway to the Orient meant for Wilhelm II that Great Britain and France would become second-rate powers and Germany the greatest empire on the globe. The Kaiser's *Drang nach Osten* dream was sculptured by geopoliticians Paul Rohrbach and Frederich Naumann. Naumann, following Paul Anton de Lagarde's concept of *Mitteleuropa*, preached an economic and political union of Central and Balkan Europe administered by efficient German technicians in a vast German-dominated Empire. Rohrbach contended that the British Empire could be attacked and mortally wounded in the Near East. That idea sounded good to the Kaiser; it also sounded good to Hitler, whose ideas were formulated (or at least greatly influenced) by Dr. Karl Haushofer, a contemporary and fellow ideologist of Rohrbach and Naumann. The Kaiser almost got what he wanted. Until 1945, his successor, Adolf Hitler, made much the same dream his own and tried vainly to make it come true.

<sup>3</sup> Cf. Joseph S. Roucek, "The Pseudoscience of Geopolitics," in T. V. Kalijarvi, Ed., "Modern World Politics," New York, Thomas Y. Crowell, 1942, pp. 609-35.

### The Balkans and the First World War

POSTWAR BALKAN HISTORY can be divided into four definite periods. The first, lasting from the "Great Parade" to the rise of Hitler's Third Reich, was characterized by the efforts of Italy to replace French and British influence in the Balkans. The second period witnessed the struggle between centripetal schemes for Danubian co-operation with Franco-British encouragement. The third was formally inaugurated by the Munich Pact of October 1, 1938, which certified to the ascendancy of Germany's renewed *Drang nach Osten*, the retreat of the Western democracies in the Balkans, and the forceful extension of German supremacy, foreshadowed in the second period. The last period was inaugurated in 1944 when the Russian victories over the Nazis extended Russia's influence all over the Balkans and Central-Eastern Europe.

### The Balkan and Little Entente

FROM THE STANDPOINT of geographical interests, Roumania and Yugoslavia belong also to Central Europe, and were thus partners in the Little Entente with Czechoslovakia. These states came together in 1921 with a single aim—to maintain the boundaries established by the Peace Treaties. To this end they concluded bilateral agreements providing military guarantees against aggression by Hungary and Bulgaria, and collaborated in resisting all threats to the existing order. In later agreements, the governments arranged to act together in international relations, and a start was made toward getting rid of tariffs on each other's goods.

The Little Entente found its chief support in France, which was also vitally interested in maintaining the order of the Peace Treaties. For the fifteen years after the First World War, only Italy disputed French hegemony in the Balkans. Rome gained far less by the Peace Treaties than she believed herself entitled to, and soon manifested a desire to better her

position in the Adriatic region at the expense of Yugoslavia. Under the circumstances, France gave moral, financial, and diplomatic support to Belgrade in the diplomatic conflicts between Rome and Belgrade, intensified particularly by the signature of the Italo-Albanian Pact of Tirana of November 27, 1926, and the Italo-Albanian defensive alliance of 1927 (extended by subsequent renewals).

The rivalry of Paris and Rome must be viewed also in the light of the prestige policy of Italy, which followed a policy of blackmail, with its parallel, the encouraging of revisionist aims. Mussolini had at various times publicly proclaimed the necessity for treaty revision, thus favoring the aims of Hungary and Bulgaria. Time and time again he made a number of efforts to play a dominant rôle in the Danubian and Balkan regions, and tried to effect some sort of organization which would rival the French influence exerted through the Little Entente.

In 1933 the French hold on the European order began to dissolve and the second period began. The Balkan Pact was one aspect of the efforts of small Balkan nations to maintain the threatened postwar system. On February 9, 1934, four Balkan nations—Greece, Turkey, Roumania and Yugoslavia undertook to guarantee each other's frontiers. For this effort the way had been prepared by the Roumanian-Greek treaty of non-aggression and arbitration, 1928, the Roumanian-Bulgarian property settlement of 1930, the disposition of Greco-Yugoslav difficulties with reference to Salonica in March, 1929, the Greco-Turkish treaty of neutrality, conciliation, arbitration, and friendship of 1930, a treaty of friendship between Yugoslavia and Turkey in 1925, renewed in 1933, and the Turkish-Bulgarian Treaty of neutrality, arbitration, and conciliation of 1929, renewed in 1933. Furthermore, the Balkan Conferences, although a semi-official and private gath-

ering of delegates, experts, and observers, held for the first time in October, 1930, at Athens, and thereafter in other Balkan cities, taught the Balkan statesmen the method of co-operation. But back of the Balkan Pact had been the continuous weakening of the League of Nations, Germany's new aggressive attitude, and the growing fear that the Balkan States might be more than ever again pawns in the game played by the Great Powers before the World War. The Balkan Entente was the result of a growing recognition that the Balkan States were dependent upon each other, and could agree, in effect, to let bygones be bygones in their former disputes and to deal like friends in the future.

But the far-reaching military guarantees at first envisaged were whittled down to a simple guarantee of assistance against an unprovoked attack on any of its members' Balkan frontiers by another Balkan State. Albania was not invited on account of her subservience to Italy, who saw in the new bloc a threat to her supremacy in the Adriatic. Bulgaria, when approached later, declined to join it, for it was felt that to adhere to the accord in the making of which Sofia had had no part would be to legalize anew in a humiliating way the territorial losses she so recently had suffered. But the rapid and successive changes of governments around 1934 reduced the pro-Macedonian elements in Bulgaria and enabled Sofia to sign a treaty of "eternal friendship" with Belgrade on January 24, 1937. On July 31, 1938, an agreement was reached by Bulgaria and the States of the Balkan Entente. In restoring military freedom to Bulgaria, the signatories entered into a general pact of non-aggression.

#### Germany's Renewed "Push to the East"

THE DESTRUCTION of Austria's independence and the Munich Pact of 1938 opened the road along the Danube for Hitler to conquer the Balkans, first by fifth-column and then by war-

like measures. Hungary and Roumania were conquered "peacefully." Yugoslavia was invaded by violent means, together with Greece and Albania, where, in 1941, the Italian invading forces had to be saved by the Nazis from disaster inflicted upon Mussolini's legions by the Greek army.

#### Russia's Victories

THE FORTUNES OF WAR reversed the power relationships in the Balkans, as well as throughout the whole Central-Eastern European region. While before Hitler's accession to power, Poland, Czechoslovakia, Roumania and Yugoslavia had been spheres of French influence, with the rest of the Balkans more or less under the influence of Italy, by 1944 the Balkans had become bridgeheads of Russia's influence. The victorious Soviets thereupon asserted a direct interest in the political attitude and military security of all states within the regions which are directly bordering on Russia's frontier or relatively contiguous to it.

This direct interest, therefore, affected, in 1945, the following lands within this geographical security belt: Iran, Turkey, Bulgaria, Roumania, Czechoslovakia, Poland, and Finland. In a secondary category within the same broad definition were Yugoslavia, Albania, Greece and Hungary. Immediately beyond this belt were Austria, Germany, Italy, Sweden and Norway.

Moscow's policy in the contiguous regions had two definite aspects: (1) to eradicate all aspects of what was considered centers of fascism and anti-Soviet agitation, and (2) to establish a series of bipartite treaties with these lands, such as that with Czechoslovakia. Both policies were designed to extend Russia's influence, directly and indirectly, over the area between the Aegean and Baltic, with the exception of Greece which was left to the British.

Basically, Russia's domination of the area, which replaced the Germanic efforts to make it a colony of Berlin, produced a kind of diplomatic No Man's Land under Russian influence. The Germanic thrust to the Balkans had been eliminated and the Russian thrust had taken its place.

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*Hofstra College  
Hempstead, N. Y.*

## The American Cultural Relations Program

ON JANUARY 1, 1946, a single American information and cultural relations program under my direction replaced a number of scattered and independent activities.

The permanent peacetime program will operate, in the early stages, at least, along nine channels of action. First, there is the exchange-of-persons program—the students, professors, and distinguished visitors, who will be brought to the United States and sent abroad in increasing numbers. In 1946 some 10,000 foreign students will be studying in the United States; we expect at least 20,000 in 1947. Most of these are here on their own, financing themselves. Second, the maintenance and servicing of American libraries of information in 60 countries abroad. Elmer Davis told me that nothing during the war so strongly warranted continuing support as these libraries. Long lines of eager people seek news of America, each day and every day, from the documents and books in these libraries connected with our missions throughout the world. Third, a daily wireless bulletin to carry to our diplomatic missions the full texts, or textual excerpts, of important official announcements. This bulletin keeps our diplomatic officers informed of events at home. Fourth, a documentary service to supply our missions, by mail, with background material, biographical sketches, and information about life in America, together with a limited service of still photographs from Government sources. Fifth, photo-exhibits, displays, and film-strips for non-commercial use in foreign countries. Our film-strips today are being shown to 12 million Chinese school children monthly. Sixth, the continuation of the bimonthly illustrated magazine, *America*, in the Russian language for distribution in Russia where private foreign magazines are barred. Seventh, acquiring, adapting, and scoring in foreign languages a continuing series of newsreels and documentary films about the United States, for non-commercial showing to foreign audiences. These are today being shown to 4 million to 5 million people monthly in Latin America. Eighth, the on-the-spot work of small staffs in our missions in 62 countries, which will provide the tact, judgment, and human warmth which alone can make our program effective. Ninth, and last, the operation, in 1947 at least, of short-wave broadcasting covering virtually the whole world.

These add up, I think, to a favorable beginning of a permanent, continuous, two-way cultural and informational exchange which may eventually do more for world security than a fleet of battleships—and at a tiny fraction of the cost.

WILLIAM BENTON

Washington, D. C.

# Price-Making as a Democratic Objective

By SAUL COHN

AS A RESULT of two wars and an intervening depression, concepts of liberty have been shocked by the underlying rhythm of world movements. Liberty is made up of political, social, cultural and economic freedoms; but unless there is an adequate share of the last—economic liberty—the other freedoms are of little avail. The distribution industry can contribute to economic freedom through notable customer gains from year to year progressively. This helps the economy to achieve better relations between prices and real wages. We have had an idolatrous worship of money as a symbol without fully realizing it is merely the medium through which labor is exchanged.

The retailer has much to learn and to do in the days ahead to establish new plateaus of economic freedom. Since it took all of the sixteenth and seventeenth centuries to get footings for religious liberty, and all of the eighteenth and nineteenth centuries to establish beginnings of political liberty, it is apparent that we can do this job only with patience and perseverance.

## Price-Making as a Democratic Objective

NATIONAL INCOME HAS RISEN from 28 billion dollars in 1910 to the rate of 161 billion dollars in 1945. The proportion of national income which went for wages and salaries has steadily increased. The relation between price-making and income trends is very evident, because the way is wide open for bringing more income groups into the enjoyment of commodities and services. There is a new mass market.

Families with less than a \$2,000 income would be fewer and would be apt to spend less. But higher grade lines would

expand, for more people would be in the \$3,000 to \$4,000 bracket and still more in the bracket between \$4,000 and \$5,000. This can be done only by reversing the formula which has prevailed to a great extent, *i.e.*, the highest unit price for a narrow market. This becomes imperative as time goes on if we are to retain the free enterprise system. In this way, not by railing at government, can we gain the necessary converts for that system. Public relations and propaganda cannot permanently prolong price levels which result in contracting available markets; they can be used only after some new principles in the process of price-making and strengthening a free market have been established.

A FREE MARKET means "competition." But there can be no competition while the market is restricted by monopolies, cartels, non-price competition, administered prices, price maintenance, manufacturing for price lines instead of for relative quality, subsidies and special privileges. The domestic price of cotton against the world market is only one of the many insoluble problems these conditions present. Not only does the stifling of competition result in increased prices of commodities, but in the failure of the market to adjust itself dynamically to living standards. Nor does this kind of a market have an eye to "Sixty Million Jobs," nor to the required opportunities for business and farming.

#### Price-Making and Taxation

THERE ARE EVILS which stem out of misguided fiscal and international policies of government and out of extravagance and mismanagement due to political expediency. But we cannot escape responsibility by over-emphasizing their effect upon the economy. To create high levels of employment and support the unprecedented tax bill, research indicates, 40 to 50 per cent more of production will have to be consumed

than during the pre-war period. Distribution must formulate a more statesmanlike tax policy based upon what is good for purchasing power. We have all kinds of tax plans to stimulate production, to exempt special groups, to make incentives for investment of capital funds and subsidy for export and other activities. We do not hear enough about a permanent tax policy which will quicken consumption. We have not made adequate research into the effect of fiscal and tax policies upon consumption. A few figures will indicate the need for recasting our outlook upon these subjects.

The profit and loss statements of distributors during the war contained a 5 to 8 per cent tax upon consumption, and a leading New York newspaper on Jan. 11, 1941, pointed out a few items affected by indirect taxes:

*Hidden taxes paid with purchases of goods*

126	different taxes on a pair of shoes
78	" " " a quart of milk
148	" " " overalls
191	" " " a fence
142	" " " a plow
154	" " " a cake of soap
201	" " " a gallon of gasoline

It is needless to point out the cumulative effect of excise and consumption taxes, as well as taxes in general. These are purchase taxes which are all a part of prices, but in many instances they are not only this, but a foundation for profit on taxes. They seriously impair the national income and reduce the job opportunities available.

**Price-Making and the Small Businessman**

THERE IS NEED for formulation of a national distribution policy insofar as laws and regulations governing the market are concerned. Distribution is on a trapeze. The acrobats are those who enjoy special privileges, subsidies, tariffs and

exemptions in production and retailing. Can we devise a more efficient method which will give the masses of people a more natural flow of prices and thus a decent chance to get their share of goods and services without hurting all those entitled to play their part in retailing and servicing? In 1939, according to the Department of Commerce, small firms made up 91 per cent of the membership of the retail group and these firms were responsible for 56 per cent of employment—employees and proprietors combined. In service trades, they accounted for 99 per cent and 74 per cent of the totals, respectively. All this is an indispensable part of our economy. Above all, small businessmen should be encouraged to go into self-employed ventures in selling and servicing because the potentials have not yet been scratched.

It is the obligation of the larger and more efficient retailers, as well as government, to bring stronger and longer-visioned principles of management to small business. Small business must, by comparison, be inefficient as long as it is unable to pay for trained services which a large business can afford in every field of distribution such as accountancy, taxation, law, publicity and so on. Trade associations should be strengthened to specialize upon the problems of small business. Regional clinics on distribution methods should be arranged for the demonstration of those efficient practices which could be helpful to the small retailer. Some manufacturers have already done a notable job in this field and have made their small outlets more productive by providing better fixtures, display and promotion. Recently, manufacturing organizations have co-operated with retailers in a joint plan to train department managers to train the help, and to point out the potential levels which a particular industry can reach in selling. There are also ways and means of giving financial aid to small business and industry in a constructive way.

While it is important to preserve small business, ultimately it will not help businessmen to be coddled by market legislation. Only through a sincere co-operative effort on the part of retailers, manufacturers and government can the small retailer be strengthened and function in a free market. Distribution will then find in him its strongest champion against undue government interference. The coming period, especially, must produce a way to prevent chaos and bitterness, for the returning veteran's opportunity to go into business will be safeguarded jealously. In these areas, there lie fruitful ways of bringing "more goods to more people at lower cost."

#### **Price-Making and Cyclical Periods**

THERE IS A GREAT NEED of research in the field of distribution, especially with regard to the peaks and valleys of business. These conditions have long been a matter of dispute among economists and businessmen, if not a puzzle to most. Industry has had more of a long-term view of these matters.

It may be that distribution is behind the procession and must make constant research into the status of inventories, the trend of production in consumer goods and into the ways of releasing the same natural economic energies in the market as has been released in the field of physical energy. Above all, price-making can be used as a shock absorber to meet deflationary movements.

#### **Price-Making and Relations with Vendors**

PRICE-MAKING is one of the main yardsticks of economic liberty. Distribution has not yet fully understood its rôle in this connection, nor has it adequately assumed its function. Price-making is carrying out the most serious obligation put upon the retailer by his customer, since he is the customer's purchasing agent. The time will arrive when price-making

will be more of a joint function between the manufacturer and his outlets. Retailers know what the customer wants and at what levels the customer will buy.

The forces in the market are driving groups of retailers to integrate their buying, within the basic spirit of present legislation, and the future will see more goods bought on a cost-plus basis. In an attempt to participate in price-making, group-buying, co-operative distribution and centralized promotion will become more important. In this way we can ultimately bring goods to people at a price consistent with their ability to pay. There is no difference between paying a worker \$20 of money for \$30 worth of work, and selling him \$20 worth of goods for \$30 worth of money. The way in which he loses his wages is unimportant—whether he gets less pay than he should or less goods for his money.

Price-making can be influenced by active co-operation between the retailer and his vendors, *i.e.*, the avoidance of the wastes involved in the problems of sizing, standardization of products, transportation and need of decentralization, and in the wastages created by return of goods to stores by customers and the return of goods by stores to manufacturers.

For instance, the Federal Trade Commission recently pointed out that it takes  $60\frac{1}{2}$  per cent of the retail price to distribute electrical appliances. If this is substantially correct, it does not take a great deal of imagination to conjure up ways of unifying the factory and the market in a way that would produce lower costs. Some beginnings have recently been made in this direction between the makers and sellers of goods. A notable example is the action taken by the carpet manufacturers to tie in with the selling plan of retailers. Many kinks are thus ironed out, many things can be done which will affect the mechanics of price-making and result in lower prices and a better flow of goods.

There is need of reciprocal membership in organizations of retailers and manufacturers devoted to these problems so as to develop an outlook which can result in better pricing. Steps can be taken to amplify and expand arbitration, and a good deal can be done to re-establish many sound practices which the war did away with. There is need for a greater general unity between retailing and various consumer goods industries. Its absence is due, not to a lack of desire on either side, but simply to the failure of both sides to get together; for they have demonstrated that when they do, progress is made in the chief problems which underlie the price-making function. By these salvages and by new methods, goods can be made more price-worthy.

#### **Price-Making and Turnover**

THE FUTURE WELFARE of this country can be attained and then kept going on high employment levels only if the fly-wheel of consumption propels an adequate turnover of goods and becomes effective enough to provide the needed jobs and taxes. Management must make an effort to achieve better selling. Selling must be made a profession, to accomplish which the necessary incentives will have to be given. The stores and their organizations must be geared toward accomplishing their special objectives with a full understanding of the human as well as the merchandising values that are involved. Turnover through career selling makes a longer mill-run for the manufacturer and lower prices are the result.

#### **Price-Making and Costs of Occupancy**

COSTS OF OCCUPANCY are an important factor in distributive price-making. There are many distributors who need expansion of facilities, but better selling produces fuller potentialities which exist in their present footage. We are now back in the unreal twenties, with high speculative rents being paid competitively by merchants. This has a profound effect on

the retail dollar and on the rate of turnover. Unnecessary ornamentation does not justify the increased cost of occupancy.

To illustrate the extent to which this symptom has appeared again, a retailer from a small town in Mississippi may be cited who offered to sell a store and demanded a long-term lease which would yield him a percentage of sales the total of which would far exceed his average annual earnings over the last twenty years. He desired to capture not only the normal increment of his property, but the continuing growth of the earning power of the community. He wanted a rental that had no relation to a fair return on the fair market value of his investment, computed in reasonable periodic appraisals, but sought a partnership with the continued uplifting of living standards and the capital and resourcefulness employed by the merchant. Rentals on this basis affect turnover. The practice is growing in this country. The leases are arranged so that the costs do not go down upon increased turnover, as they naturally should in production and distribution. A ceiling must be put upon occupancy costs derived in this manner.

Total costs for fixed assets, depreciation and technical upkeeps, such as airconditioning, escalators, etc., generally average more than the total wage paid for direct selling. We must learn to put first things first; and the first thing is to apportion the retail dollar so that it creates and provides a leverage for the retail worker who is entitled to a job with responsibility and the satisfaction of knowing that he is making an important contribution. It cannot be done by over-emphasizing occupancy values.

#### **The Objectives of Price-Making**

**DISTRIBUTION MUST HAVE** a new faith upon which to build its price-making approach. It is a good deal like the state-

ment attributed to John D. Rockefeller, Jr., that we must not only have faith in religion, but must do the service necessary to back up that faith.

At the moment we are beset by a snarl of prices, wages and taxation problems, each with an interlacing effect upon the other. On the one side there is a segment of government which sees the answer in a continuation of government control; in the prolongation of taxes which will effect production and buying power; in the expansion of social security; in the raising of beneficial payments to the unemployed and in the fiscal policy for deficit spending of government-made work. The answer does not lie in any of these measures. The answer lies in some hard-headed ways of improving turnover and buying power. But there is no bold statesmanship as to the price-making policy.

Industry stands by and seems resigned to its fate. There is in the current of our events a measure of abdication in this attitude. In addition to all this, the free play of market forces were suspended during the war. The economic processes to restore prices, as in the case of low-end apparel, become strikingly necessary because of the plight of the low income group. It is true that the wage-price relations and their proper timing influence and guide production, but in view of the horrors of mass unemployment between now and the summer of 1946 and the extent of effective immediate demand, there is room for compromise. Industry and distribution are losing ground earned magnificently during the war by losing the opportunity to create public good will. The answer to the problem of our kind of an economy lies in a free market for goods and services, in price-making which will stimulate every dollar's worth of buying that should be rightly spent and in using every available means to protect and expand purchasing power.

This is the generator for a free enterprise system. These are the natural forces which make for a free society. Continuation of our present methods will lead to artificial stimuli that are hypodermics for purchasing power, to deficit spending by government, to the "unfree" State and the gradual loss of our liberty.

*New York*

## Rent Theory as a Teaching Problem on the Undergraduate Level

By HARRY GUNNISON BROWN

SOME TEACHERS OF ECONOMICS on the undergraduate level, and perhaps even many of them, may lose any initial interest they may have thought they had in this article as soon as they realize what it is driving at. They may admit that it is worthwhile to ponder how to make college students understand the operation of the law of rent, although certain of the teachers have now twisted the very word "rent" out of all semblance to its earlier—indeed, its traditional—meaning among economists. But toward any special inquiry into how to make students really understand wherein the rent of natural resources, sites and tracts differs from the interest yielded by constructed capital, and, especially, into how to make students understand the analyses involved in the case for appropriating rent by taxation, if one may judge by past attitudes, a considerable number of economists will be altogether indifferent and some will even be antagonistic.

For the fact is that in a large number of our colleges and universities, students in the beginning course in economics—indeed, often, in all the courses in economics put together—learn nothing at all about the subject. No effort is made to explain it. Even when the textbook used mentions the land-value tax proposal, its exposition is usually extremely brief, perhaps only a page or half a page. And this page or half-page is followed by a stereotyped adverse criticism that takes no account at all of important considerations in rebuttal which have been emphasized over and over again by those of us who believe this reform to be an essential one. Especially is one of the stereotyped objections to this reform, as presented in antagonistic texts, viz., that it involves unjustifiable infringement of vested rights, presented *always* with no accompanying mention of the most cogent and impressive points which have been made in reply.<sup>1</sup>

For on such subjects the masses of men cannot safely trust authority. Given a wrong which affects the distribution of wealth and differentiates society into the rich and the poor, and the recognized organs of education, since they are dominated by the wealthy class, must necessarily represent the views of those who profit or imagine they profit by the wrong.

<sup>1</sup> Henry George replied, for example, and very fully and effectively, in "A Perplexed Philosopher," Chapter XI. Compare my own discussion in "Basic Principles of Economics," Columbia, Mo., Lucas Brothers, 1942, pp. 459-468; and relevant sections in "The Economic Basis of Tax Reform," *ib.*, 1932.

That thought on social questions is so confused and perplexed, that the aspirations of great bodies of men, deeply though vaguely conscious of injustice, are in all civilized countries being diverted to futile and dangerous remedies, is largely due to the fact that those who assume and are credited with superior knowledge of social and economic laws have devoted their powers, not to showing where the injustice lies but to hiding it; not to clearing common thought but to confusing it.

It is idle to quarrel with this fact, for it is of the nature of things, and is shown in the history of every great movement against social wrong, from that which startled the House of Have in the Roman world by its proclamation of the equal fatherhood of God and the equal brotherhood of men, to that which in our own time broke the shackles of the chattel slave. But it is well to recognize it, that those who would know the truth on social and economic subjects may not blindly accept what at the time passes for authority, but may think for themselves.

The paragraphs quoted above are taken from Henry George's "A Perplexed Philosopher," published in 1892.<sup>2</sup> Perhaps a more "modern" and sophisticated explanation of the opposition that still exists to the reform George advocated would refer to a variety of motives, and not merely to the property interests of some teachers and to the possible fear of others of criticism from students and from administrative officers of their colleges or universities and to their fear of losing their institutional jobs. Such an explanation might refer also to the fact that each generation of teachers is largely fixed in its viewpoint by the training received from the previous generation of teachers. Thus, a teacher of economics may not know about or even think it worth while to inquire about a viewpoint his teachers have not discussed except for a few caustically critical sentences. And reference might be made, too, in such an explanation, to the feeling that this particular viewpoint is not, in general, favorably regarded in the intellectual "best circles." Dr. George Raymond Geiger refers, in his book on "The Theory of the Land Question,"<sup>3</sup> to "the wall of indifference and misrepresentation that so effectively surrounds this reform." But we should be altogether naïve did we not recognize that, in the last analysis, such intellectual disfavor stems mainly from a dominant pecuniary interest. This is the chief and fundamental reason why the socialization of land rent has been so discredited among the more ambitious members of the academic world, why there is no intellectual prestige to be gained by supporting it. Without, perhaps, being conscious of any bias, the ambitious young economist vaguely senses that the way to academic distinction is not through a favorable interest in and openly published support of the social ap-

<sup>2</sup> In the "Conclusion."

<sup>3</sup> New York, Macmillan, 1936, p. 205.

propriation of rent. And the more economists there are who thus turn their attention away from the land-value tax proposal, the larger is the proportion of graduate students of economics—the academic economists of the next generation—who are almost or entirely unaware that such a proposal has ever been seriously made.

In this connection it may be well to quote from a letter written to me recently by a university teacher of economics. "The thing that is both curious and amazing to me", says this teacher, "is that I could have attained a Ph. D., having gone among others to two state universities, without having been subjected to more than a few pages of literature, mostly derogatory, and without having spent more than five minutes of class time on Henry George's philosophy. Sometimes I wonder what else I might be lacking because of the influence of vested interests, custom and neglect."

Yet surely, if there is any use at all in teaching the subject of economics, there is good reason for including in it a thorough exposition of the problem of land rent. For in every so-called capitalistic country the landlord class are—despite all excuses, "defense" and qualifications—essentially parasites on the landless. In every such country non-landowners must pay those who own the land, tremendous sums every year, merely for *permission to work on and to live on the earth*, in those locations which geological forces and community development have made relatively productive and livable. On the face of it, the proposition that the payments made for such permission—and certainly for the enjoyment of community-produced advantages—should go to the community, seems altogether reasonable. On the face of it; allowing some men to charge others for such permission seems like allowing some to charge others *for permission to sail boats on the ocean, swim in the lakes and rivers, breathe the air or enjoy the sunshine*. Through what legerdemain of rationalization do our teachers of economics—or most of them—manage to persuade themselves that here is no problem of import to the common welfare? Economics without serious consideration of the land rent problem *as such* is indeed like the play, *Hamlet*, with Hamlet left out. Yet this is the kind of economics which college students usually get<sup>4</sup> and, naturally enough, high school students get no better!

<sup>4</sup> But there is an occasional noteworthy exception. For example, the very well written "Applied Economics" by Professors Raymond T. Bye and William H. Hewett, which has had considerable use as a college textbook, gives appreciable—and definitely favorable—attention to this reform. (See third edition, New York, Crofts, 1938, pp. 470-6 and 535.) Professor Bye is the author also (with Professor Ralph H. Blodgett) of "Getting and Earning" (New York, Crofts, 1937), in which an entire chapter (Chapter IV) is devoted to a careful and clear analysis of the rent of land and of its taxation.

To leave out consideration of this problem—with a fair and full presentation of the reasons favoring the appropriation of rent by taxation—is to leave out a topic which arouses more interest, at least among a good many students, than any other. There will be student objection to this proposed reform, of course, just as there is student objection to the removal of protective tariff duties and student support of the idea that we should always "buy in the home town." But such objection by some students serves to stimulate class discussion and to whet the interest of other students all the more.

For all practical purposes, and with a few exceptions such as the traditional criticism of protective tariffs, the ordinary course in beginning economics is a description of and a mild defense of the price system ("capitalism") *as it is*. Although, in some cases, the textbook used in this course has a chapter on socialism so written as to appear to give a reasonable presentation of the socialist viewpoint and plan, the reader is left with the feeling that, after all, the writer believes the system we now have—and with no very fundamental reform—is much to be preferred. As said above, there is no serious thought given to the abolition of land rent exploitation as an important reform in the existing system of "capitalism."

If really serious attention were given to this reform, the general course in economics could become a most interesting—indeed, a dramatic—story. Even the more involved theoretical aspects of the course, such as the theory of interest on capital, would then take on a new appeal, since the student could be made to see their importance in contributing to a thorough understanding of this basically dramatic subject.

But a theory of economics which does not give the student the picture—so that he realizes its truth—of some men charging others to use the earth, necessarily loses a large part of its vital appeal. To illustrate the present teaching situation, let us suppose that, in a society where the majority were slaves and many of the others, the free, were owners of slaves, economics were taught so as to ignore slavery except as slaves were classed with cattle, buildings and machinery as "capital." Suppose, thus, that the issue of whether slavery was or was not conducive to the common welfare were entirely ignored. Suppose that, while slaves were classed with cattle, planted trees, buildings, machinery and ships as capital "investments," as "aids to labor," as "invested savings," every device of terminology were used to blur any distinction between property in slaves and other property. Such a situation would be comparable to the situation we now actually have (in most cases) as regards land and land rent in university and college teaching of economics.

Any teaching of economics which soft-pedals the issue of parasitism is a teaching that is relatively inconsequential, insignificant and—of course—relatively dry and uninteresting. Exploitation by monopoly in all its industrial and commercial forms, by unfair competition, by protective tariffs, and by the pressure groups organized to secure economic benefits for some at the expense of the rest of the people, and, even more, that which arises from control by the few of sites and natural resources all must use, needs to be analyzed and explained in any economics "principles" course that can be fairly regarded as adequate. However fully other and *relatively inconsequential* topics may be treated, if full and fair presentation of the land rent problem is missing, any claim of real adequacy is, in effect, either confession of utter unawareness of what is truly most significant or is pretense and deception.

Of course our ideals and emotions must not be allowed to sway our reasoning on matters of cause and effect. But they may and should make us eager to do the reasoning. They may and should set the problems, so that our reasoning shall be about the important ones and not about those of no appreciable consequence for human welfare. If, thus, the student is inspired, if he is driven by a powerful inner urge to seek understanding because understanding is here so overwhelmingly important for the wise ordering of our economic life, and if, having attained or begun to attain understanding, he is not satisfied to keep his new-found knowledge to himself but wants to talk about it and to share it with others,—surely, then, the teacher may hope that his work has not been entirely futile.

No mere "teaching devices" or tricks of language or smart techniques of choosing illustrations from the coke-drinking, movie-attending leisure time of students (a technique stressed in their advertising by the publishers of at least one widely-adopted text) can arouse a similar interest. No doubt such techniques have their useful place and can help to give even essentially dull and uninteresting subject matter a sparkle of superficial appeal. But such superficial appeal is utterly different from the intellectual ferment and the keen sense of its import for the establishment of a more equitable economic order and for the welfare of common folks and the eagerness to talk about its problems and, even, do something about them, which economics can and should arouse.

## II

BUT WHEN THE LAST WORD has been said on the significance of and the teaching appeal in the land rent problem, and on the importance of a full and fair presentation, there still remains the question of just how—through

what mechanism of analysis and illustration—a reasonably complete grasp of the principles involved can be assured.

Of one thing we can be certain and that is that economics students cannot possibly get any such grasp from the half page or the one or two or three pages—ten or twenty per cent of just one class-period assignment—which is commonly all the study required of it in our colleges and universities (when any at all is required). Especially in view of the fact that the prejudice on this matter, of many interested persons and of not a few writers and publicists, leads to the propounding of many sophistical arguments, is it necessary that students be well enough trained in it so as not to be thus too easily imposed on. And so, even economics teachers who agree that the land-value-tax question is important and who do give it some brief favorable consideration, may accomplish practically nothing because they do not devote enough class time to it or assign enough reading to bring about real comprehension.

Some, of course, among the student bodies of our colleges and universities will be influenced, initially at least, by the conservative prejudices of the possessing classes. For this reason, among others, it may be advantageous to build up a clear understanding of various facts and principles of economics, a knowledge of which will help in understanding the subject of the rent of land and its taxation, before this subject is brought directly into view.

My own practice is to take up the subject of interest on capital some time before attempting any intensive study of the rent of land. In presenting interest, I endeavor to make as clear as possible the nature of capital, the fact that capital can come into existence only by work and saving and the fact that the sale value of capital cannot, in general, greatly exceed its cost of construction or, in the long run, be greatly less. Opportunity is taken at this point to note the fact that land does not depend on men's work or saving and that, even though the *location advantages* of land do owe something to human activities, they are rather, in the main, a by-product of the activities of many men, each following his individual purposes without special thought of any incidental consequences to the advantages or value of various pieces of land. The fact is carefully noted, too, that the value of land is arrived at solely by capitalizing at the current interest rate the anticipated annual rental value of the land; and that land value is not determined by any "cost" of "producing" land.

Then the forces determining interest and the rate of interest are explained at length and a basis is laid for making clear later, even to those

who may not want to see, how the rent of land differs from the interest on capital. A simple arithmetical illustration is presented, based on the supposition of a miniature world, which shows how the general rate of interest is fixed. The class is then given a similar illustrative problem to work on during an hour's practice exercise, with chances for any student to ask questions about any part he does not understand. At the next class meeting, or at an early one, there is a general discussion hour in which there are further opportunities for questions. And a particular stimulus to the student's desire to understand is the probability that some such problem will be propounded in one or more written examinations.

In teaching the class how wages are determined, I follow a like method. The relation of wages to the productivity of labor is made clear in illustrative problems on which members of the class have an opportunity to ask any number of questions.

Due allowance is made, here as elsewhere, for such lack of correspondence between the precise "theory" and the unprecise "practice" as is inevitable when competition is "imperfect"; but the student is nevertheless impressed with the fact that, without an understanding of the basic influences determining wage rates, he cannot understand the actual economic world.

In a similar way, the geographer helps us to visualize the real globe on which we live, with its oceans, continental land masses, islands, rivers and mountains, by exhibiting a card-board globe rotating on a wire. What if, during his geography lesson, a critical student were to say: "Your globe doesn't show the grass in my uncle's yard or the big elm tree in front of my dad's house or even the ice pond on my cousin's farm; therefore, you're just a theorist—an impractical theorist—and there's no use studying your globe or your maps"! He would then be talking as some critics talk about the simple illustrations which we need to use in economics to make its major facts and laws comprehensible. These simple illustrations do not and cannot include every minor detail and qualification. They do help very greatly in making the major forces and their operation meaningful to the student and they do give a point of departure for such qualifications as may be called for in varying circumstances.

In the appendix of my book, "Basic Principles of Economics and Their Significance for Public Policy,"<sup>5</sup> along with the various other arithmetical problems on which my class is asked to work and on which, usually, they are later examined, there is one dealing with net interest, wages, land rent and the sale price of land under two contrasting conditions. In the one

<sup>5</sup> Columbia, Mo., Lucas Brothers, 1942.

case, the tax system is like the one we now have in the United States and most other countries. In the other, government takes, for public purposes, nearly all of the annual rental value of land. This problem and the comment that goes along with it in the appendix of my book, follow:<sup>6</sup>

In the country of New Atlantis, the marginal rate of productivity of capital in the various industries averages 6 per cent. There is a general tax on all property of 2 per cent ( $1/3$  of the average income from it). There are also special taxes on cigars, cigarettes, gasoline, soft drinks and moving pictures, as well as other indirect taxes. Carter owns a building and lot from which he receives (in excess of annual repairs and depreciation on the building) \$450 a year. The cost of construction of such a building (his being new) is \$5,000, and \$300 of Carter's annual income is really interest on this capital investment. The remaining \$150 is properly to be regarded as rent on the lot. The taxes on building and lot are, respectively, \$100 and \$50, leaving net returns to Carter, on the building, of \$200, only 4 per cent, and on the land, of \$100. (This, of course, does not include any income Carter may earn by working.)

Assuming a general belief that the rent of the lot and the tax rate will remain the same, *what do you find for the sale price of the lot?*

(Answer: \$2,500, the sum of which \$100, the net rent, is 4 per cent. For no one, when he can invest his savings in capital construction at 4 per cent, will knowingly buy land at a price so high as to yield him a lower return and no owner of land will intentionally sell at a lower price, unless under unusual circumstances. Since, in New Atlantis, the tax rate on land and capital is the same, the answer can be found likewise by capitalizing the gross land rent, \$150, at 6 per cent. But the same answer would not be thus secured if the tax rate on land and capital were not precisely the same.)

In the country of Utopia, most of the revenue required is secured by a tax on land values. Utopia has none of the indirect taxes levied in New Atlantis and no tax on capital. In Utopia, as in New Atlantis, the marginal productivity rate on capital in the various industries averages 6 per cent. Matthews owns a building and lot in Utopia. His building is the twin of Carter's and its cost of construction is also \$5,000. His lot is equally good as regards location. The total income from his building and lot is \$432, of which \$300 is really interest on Matthews' capital investment in his building and \$132 is properly to be regarded as rent on the lot. *Why is this rent assumed to be lower than the rent of the lot of similar location advantages in New Atlantis? Would wages, then, be any higher in Utopia?*

(Hint: Consider the holding of land out of use and the effect of the tax on such holding.)

Assuming the land-value tax rate in Utopia to be  $10/11$  of the annual rental value of land, there would be a tax of \$120 on Matthews' lot. There is, however, no tax on his building. *What is Matthews' net rent from his lot? What do you find for the sale price of the lot?*

<sup>6</sup> Reprinted by permission of the publishers.

(Answer: \$200, the sum of which \$12, the net rent, is 6 per cent. Note again that the sale price of Carter's lot, in New Atlantis, was \$2,500, more than 12 times as high. Of course, a flow of capital from New Atlantis to Utopia would, if at all rapid, tend to bring closer their rates of interest and so to lessen somewhat this difference in the sale price of land.)

In answering the questions below, refer to the relevant facts and figures given in the preceding paragraphs and in your calculations above.

Which country would be better for a workingman, starting at the bottom of the economic ladder with no property at all but with the ambition to

- (a) secure the largest possible wages?
- (b) suffer the least subtraction from his wages?
- (c) save and invest?
- (d) acquire ownership of an unmortgaged home? In this connection suppose that Carter in New Atlantis and Matthews in Utopia do not yet own the property above referred to as theirs, but that each has saved \$5,000 intending to purchase the building and lot we have described in each of the two countries, respectively. Each must borrow and pay interest on the remaining money needed for his purchase. Which must borrow the more and how much more? Which one, in case of economic reverses, would be the more likely to lose his newly acquired property?
- (e) Antagonistic economists have said that the system of Utopia is of no benefit to the poor man anxious to save for the purchase of farm, home or land for a business, for the lower price of the land is offset by the greater tax on it. *On the basis of your figures, what do you say?*
- (f) If you were saving something each year, into which country would you prefer to send your savings for investment? Why? *What country benefits? Why?*

It is unnecessary to go further here into the solutions and their explanation. I do want to comment, however, on how, in my opinion, such a method of teaching can be most effective in promoting understanding. In my own use of it there are prior assignments in the textbook which explain carefully the nature and the law of rent, the relation of rent to community growth, etc., and which explain, with a few illustrative figures but as simply as possible, the various relations indicated above. Also, a problem very similar to the one just quoted is set forth in lectures. The quoted problem, as given in the appendix of the text, is assigned as a lesson to be prepared. Then a class hour is devoted to a similar problem—preferably with somewhat different figures—as a practice exercise. During this hour, questions are invited, and each student, as he works out the problem, can have all the help and explanation he needs. Students are told that merely memorizing the process won't do; that they must *understand*;

that in the examination soon to come, questions will be asked which will trip the mere memorizer of a process.

It is important, for example, that the student understand the logic of the capitalization of rent to find the sale price of a piece of land. Thus, in the problem above, the student may correctly capitalize the \$12 annual rent of Matthews' lot in Utopia at 6 per cent, arriving at a sale price of \$200, just because he has been told that this is the right process to follow. Yet he may not have the slightest idea—and his questions frequently show this—why the lot, expected to yield only \$12 a year to the owner, should not be worth far more than \$200. The problem should be personalized for him. It is my own practice to ask him, for example, whether he would give (say) \$500 for such a lot, in a country where he could use his savings for the construction of capital which would yield him 6 per cent or where he could loan them to someone else at a 6 per cent interest rate. The student then sees that \$500 so invested or loaned would yield him \$30 a year and realizes—unless he is exceptionally uncomprehending—that no one with ordinary business sense would pay as much as \$500 for a lot from which he could expect only \$12 a year. In like manner he can be made to see why, in real life, such a building lot would not normally be sold for as little as (say) \$50.

The next exercise, following this practice problem, or one very soon after, is given to the class divided into relatively small discussion groups. Here the student who still does not understand the arithmetic of the problem or its significance can raise any questions he wishes to on any aspect of it.

Add to this the *very* strong suspicion on the part of each student that such a problem—of course with different figures and, perhaps, various questions suggested by it—is likely to constitute part of an imminent written examination, and there is a reasonable probability that a large proportion of the class will come to understand (at least temporarily!) the major facts which the problem illustrates. They will see that forcing good land into use tends to reduce the rent of land and to raise the productivity of and the wages of labor (now better provided with land—more good land per person). They will see that taking taxes off commodities makes for larger real wages. They will see that the worker who wishes to save can save faster for these reasons and that his saving is still more facilitated if the income on capital he saves is also untaxed. They will see that capital is likely to be invested in the jurisdiction (Utopia) where it is not taxed rather than in the jurisdiction (New Atlantis) where it is,

and that the consequent increase of capital in the former makes labor more productive there—because it is better equipped—and tends further to increase wages. They will see that the increased tax on the rental value of land lowers its sale value for three reasons: (1) because preventing (by the tax) the artificial scarcity for which speculative holding of vacant (and greatly underimproved) land is responsible, makes rent lower; (2) because most of this somewhat reduced rent thereafter actually charged is taken in taxation by government and the sale price of land depends on the net rent anticipated by private owners; (3) because the net interest rate (after subtracting taxes on capital) which is used in capitalizing the rent of land into a sale price, is higher when capital is taxed less or not at all. They will see that, for all of these reasons, it is definitely easier for a worker to acquire title to a farm or home in Utopia than in New Atlantis. They will not—certainly they should not—be deceived by the confused contention of some professional economists who argue that there is *not* any greater ease in acquiring ownership in such a country as Utopia, claiming that the lower sale price of land is offset by the higher tax which the new owner must pay on it.<sup>7</sup> And not only does the sale price of land fall by a greater proportion than the increase of tax on it can offset (see the three points listed above) but, too, there has to be reckoned the great reduction—even the abolition—of the tax on improvements in and on the land, already made or to be made, as well as the greater productivity of labor and the lower or no tax on goods wage earners consume.

That many professional economists do not understand at all the principles requisite to the solution of such a problem as that presented above—though it is presumably understanding of the relevant relations that is

<sup>7</sup> An especially frank and striking presentation of this fallacious view is to be found in Prof. Lewis H. Haney's "Value and Distribution," New York, Appleton-Century, 1939, pp. 706-7. For Professor Haney is not satisfied merely to state the fallacy in general terms but even gives it *arithmetical precision* by the use of hypothetical figures. Here is what he says: "But the cheap land of early days no longer exists. Land could formerly be secured at a capital value of \$1.25 an acre; but now the mere annual rent is several times that sum, and would be so whether paid to an individual or to the government as a tax. The capital needed to pay that rent (or tax) would be as great under the Single Tax as it is now. Let it be supposed that the rent of a given farm is \$1,000 a year and that at 10 per cent the capital value of the farm is \$10,000. Under existing conditions, a man, if he be efficient and trustworthy, can borrow the purchase price (\$10,000), paying interest (\$1,000) on the sum. Under the Single Tax, would he be any better off in paying a \$1,000 tax to the government? It must be remembered that, with the coming of a 120,000,000 population, the day of cheap land is forever gone; that today any capable man can get the use of all the land he can pay rent for; and that, as no government can make land, it is not going to mend matters merely to put the government in the position of landlord, and to call the rent a tax."

lacking rather than the ability to go through the simple arithmetical calculations—is not really to be wondered at.<sup>8</sup> Too often such understanding is not, like understanding of various inconsequential things, a prerequisite for the doctorate in economics! Indeed, it is doubtful whether, in more than a small minority of degree-granting institutions of higher learning, any question involving understanding of such a problem is ever asked of any candidate for an advanced degree.<sup>9</sup> And one would judge from the current writings of many economists, including most of the current widely-used textbooks, that the "best academic circles" consider the present system of land and resource tenure and exploitation to be perfectly flawless and beyond the power of science to improve.

But undergraduate students who have been led through such an arithmetical illustration of the land rent question, and those on interest and on wages which precede it, who have had the practice of themselves working out such problems to a solution, together with opportunity for extended

<sup>8</sup> The following passage appeared in an article in *The Atlantic Monthly*, November, 1939, entitled "Business Looks Ahead," by Professor Sumner H. Slichter of Harvard University: "High real estate taxes are the next most important obstacle to cheap housing. The Detroit Bureau of Governmental Research estimates that the average tax rate based on true values in 274 cities in 1937 was \$26.90 per thousand, or about 25 per cent of rent or rental value. This means that the present real estate taxes are equivalent to a 25 per cent sales tax on shelter. Everyone knows what an outcry would be provoked by a 25 per cent sales tax on food, fuel or clothing. When shelter is burdened with a sales tax of 25 per cent, is it surprising that people put up with old shelter and avoid heavy new tax liabilities by refusing to spend money on new housing? Surely there is no reason why sources of local revenue should not be broadened to make it possible to cut real estate taxes in half" (p. 597). Since Professor Slichter here makes no distinction between land and improvements (both being included under the term "real estate") he seems to be telling us that a tax on land or site values, even if buildings and other improvements are entirely exempt, would be "an obstacle to cheap housing"! If he does not mean this, then *what does he mean?*

<sup>9</sup> A strikingly interesting illustration of how little likelihood there is, in the case of many colleges and universities, including some of the highest prestige, that the student will learn anything at all about this subject, is to be found by examining a widely known text in the specific field of taxation and public finance. This is "Public Finance" by Prof. Harley L. Lutz of Princeton University. In the second edition of this book (New York, Appleton, 1929), a volume of about 750 pages, Professor Lutz devoted a page to the land-value-tax proposal. However, in 1936 he brought out a new and considerably enlarged edition (the third) of this work. This new edition contains not just 750 pages, but 940 pages, covering numerous and varied ideas and practices in government finance and taxation. Here, one might suppose, space could be spared for a somewhat fuller treatment of this important topic. But, in truth, even the brief comment given to it in the earlier edition has been dropped in the later one; and I have been able to find, in this now massive text, not a single reference to the land-value-tax program as such, or to Henry George who pleaded so eloquently for this reform, or to the various steps which have been taken towards it in New Zealand, Northwestern Canada, Denmark and elsewhere. And so the university or college student whose course in public finance is based on this textbook, in all probability, however faithfully he works at his assigned lessons, will come out at the end utterly unaware that anyone, anywhere, has ever urged land-value taxes much higher than those now customarily levied.

classroom discussion and the prospect of the inclusion of one or more such problems on the final examination, do, ordinarily, get a very good understanding of the significance of land rent and its taxation for the most successful and beneficent functioning of the system of free markets and free enterprise.

There is no intention to say here that, important as this method of illustration is, nothing else is required. Not only must there be ample time given to discussion of the arithmetical land rent problem itself and to discussing fully and fairly and understandingly each objection that may seem important to any student; but there must also be some effort made to contrast the system of free enterprise as thus reformed—and with due regard, also, to other desirable reforms—with socialism or communism.

The subject of the rent of land and its relation to public policy is advantageously presented in conjunction with a study of the economic system as a whole; and, therefore, the broad general course in the "principles" of economics, which aims to give the student an idea of the operation of the economic system as a whole and of its virtues and shortcomings, is most certainly an appropriate course in which to include a full and fair and careful consideration of it. This is the more important since many students take no other course in economics than this one; it seems at least unfortunate—perhaps, indeed, it is ominous—that from this course which reaches the largest number of students such a consideration should be so often omitted.

*University of Missouri*

## The Meaning of Capitalism

CAPITALISM, or "the free market economy," as it is defined in classical texts, has never existed in pure form on a large scale. Our economic system of recent centuries has fallen so far short of ideal freedom that it is under needless attack, because both attackers and defenders make the mistake of talking as though existing conditions represented the theoretical definition. "If this is freedom," say the social planners, "let's have security, instead,"—and they might be right—IF . . .

Because Liberty's champions have rarely dared to trust her fully, they succumbed to defeatism reaching a low extreme (we have not yet begun to realize) in misuse of the slogan, "you can't do business with Hitler." No one can do business with a crook, but everyone believed, "Free enterprise can't do business *against* Hitler and drive him bankrupt—because centralized government is more efficient than freedom."

Attackers of the "profit system" forget that in a fair exchange, both parties "profit"; but equally forgetful are the industrialists seeking government protection lest they, without apron-strings, be worsted in trade.

Subsidies, tariffs, land grants, discriminatory charters, rate differentials; patents, strategic locations and natural resources owned untaxed and withheld from use; obstructive state inspections, taxes, licenses and barriers to new competitors; Robinson-Patman or Miller-Tydings trade practice acts; silver and other price-pegging measures; government finance corporations—these did not originate with the New Deal. (It is interesting to note that *Fortune Magazine*, the business publication, has recommended the gradual abolition of many such measures.)

Seekers of any artificial aid to business indulge the same fallacy as share-the-work opponents of machinery, who feared general unemployment if horse-and-buggy industry gave way to new competitors.

Capitalism ought to mean: New resolutions all around, never (or someday never!) to ask any governmental interference with free competition. Because, in its debates with hostile "isms," it does mean that, I am for capitalism.

JOHN C. WEAVER

Pittsburgh, Pa.

## Henry George: Edward McGlynn\*

By ANNA GEORGE DEMILLE

EARLY IN JANUARY, 1887, that which Henry George had long desired happened and he was able to start a weekly. It was welcomed by his followers far and near. From Mrs. William Booth of Salvation Army fame came an encouraging letter:

Ever since reading your books I have ardently wished that you could see your way to some measures for more extensively circulating your views on political and social reform; and I cannot refrain from expressing my great gratification at seeing in the *Pall Mall* a notice that you are starting a paper for this purpose. I wish you God speed, and though my peculiar position forbids my public advocacy of your views I shall not fail in private circles to recommend your paper wherever I can.

I believe you have found the true solution of our greatest social difficulties, so far as any temporal solution can avail; and although the task before you might well appall and discourage a Gabriel I believe if you are true to the interests of righteousness in the conduct of your paper, God will gird you for the battle and let you live to see (at least) the beginning of victory.

Remember for your encouragement what a forlorn hope the crusade against slavery must have appeared to Lloyd Garrison when he started his little unpatronized journal.<sup>1</sup>

Money for the new enterprise came from subscriptions paid in advance and a five hundred dollar loan from Thomas Briggs of London. With Henry George himself as editor, William T. Croasdale, a trained newspaper man, as assistant editor, Louis F. Post as special writer, and others—a staff in all of eleven men, beside the compositors—*The Standard* was launched.

Believing as Henry George did, in the power of truth, he proposed, in the new weekly, to show no leniency to its detractors and to ask no leniency from them, but to conduct the paper with courage and honesty. In his salutatory he wrote:

I shall endeavour to be fair to opponents and true to friends. I do not propose to make everything that shall appear here square to my own theories, but will be willing to give place to views which may differ from my own when they are so stated as to be worthy of consideration.<sup>2</sup>

\* Copyright, 1946, by Anna George deMille. A section of a previously unpublished study, "Citizen of the World"; see *AM. JOUR. ECON. SOCIO.*, 1, 3 (April, 1942), p. 283 n.

<sup>1</sup> Catherine Booth, 4 Rookwood Road, Stamford Hill, London, Jan. 2, 1887; in Henry George Collection, New York Public Library (hereafter abbreviated as HGC).

<sup>2</sup> Vol. 1, No. 1, Jan. 8, 1887.

The outstanding feature of the first issue was his eight and a half column article on the subject that was attracting international attention, entitled, "The McGlynn Case." It made a sensation.

The Church had not allowed the discussion to rest after Monsignor Preston's widely broadcast statement<sup>3</sup> on the Sunday before election day, that George's teachings were "unsound and unsafe."<sup>4</sup> Unfortunately, a few weeks after election, Archbishop Corrigan felt it incumbent upon himself to make an attack in a pastoral letter, read in all the Catholic pulpits<sup>5</sup> and published in the papers. In this epistle he, believing it his duty "to be quick in discerning dangerous movements and prompt in sounding timely alarms,"<sup>6</sup> commended his brethren to be "on guard against certain unsound principles and theories which assail the rights of property,"<sup>7</sup> in such a way as to point clearly to George as their wicked perpetrator. The prejudiced attitude taken by his superiors had drawn fire from Dr. McGlynn. He had been obeying orders and keeping pretty well out of the political field, but in an unexpected interview in the *New York Tribune*,<sup>8</sup> he defended the principles the Archbishop condemned, asserting that they were not contrary to the teachings of the Church.

Thereupon the Archbishop suspended Dr. McGlynn<sup>9</sup> for the remainder of the year and wrote to Rome. Rome answered by cable, ordering Dr. McGlynn to come to the Vatican. The priest replied that several grave reasons, among them heart trouble (which, with other complications, ultimately caused his death), prevented him from complying, and that his doctrines about land had been made "clear in speeches, in reported interviews and in published articles."<sup>10</sup>

The Archbishop then extended McGlynn's suspension until either Cardinal Simeoni, Prefect of the Propaganda, or the Pope himself should act. George had written an open letter in answer to the Archbishop's attack,<sup>11</sup> a dignified exposition of his economic theories, showing their compatibility with moral law. Now he made a long and full statement of the case in the first issue of *The Standard*:

<sup>3</sup> Dated Oct. 25, 1886.

<sup>4</sup> Post and Leubuscher, "The George-Hewitt Campaign," New York, John W. Lovell Co., 1886, p. 135.

<sup>5</sup> Nov. 21, 1886.

<sup>6</sup> *Op. cit.*, p. 134. For further details of the McGlynn affair see Henry George, Jr., "The Life of Henry George," New York, Robert Schalkenbach Foundation, 1943, and Stephen Bell, "Rebel, Priest and Prophet," New York, The Devin Adair Co., 1937.

<sup>7</sup> *Op. cit.*, p. 131.

<sup>8</sup> Nov. 4, 1886.

<sup>9</sup> Nov. 26, 1886.

<sup>10</sup> Letter to Corrigan, Dec. 20, 1886. See *The Standard*, Vol. 1, No. 4, Jan. 29, 1887. Also, "The Life of Henry George," by Henry George, Jr., p. 486.

<sup>11</sup> Dec. 7, 1886. See "The George-Hewitt Campaign," by Post and Leubuscher, p. 139.

Let it be observed that there can be no pretense that Dr. McGlynn in taking part in politics has done anything inconsistent with his duty as a Catholic priest. . . . The Catholic Church does not deny the propriety of the priest exercising all the functions of the citizen. To say nothing of the past when bishops and cardinals held the highest political offices, in Germany and France and Italy, the Catholic clergy have been in recent times energetic politicians and sometimes hold elective office. . . .

In the last Presidential election Dr. McGlynn made some vigorous speeches in behalf of the Democratic candidate without a word or thought of remonstrance.”<sup>12</sup>

Still refraining from attack on the Catholic Church, but bitterly condemning the “Burbons” in the Church, George asks, apropos of McGlynn complying with the call to Rome: “What chance would a simple priest—a suspended priest at that—with his own Archbishop against him, have before a tribunal where united Ireland could barely get consideration?”<sup>13</sup>

This article, in the first number of *The Standard*, attracted such attention as to force two extra editions of the paper. Seventy-five thousand copies were sold. Few other papers espoused the priest’s cause; practically all of them sided with the Archbishop.

But George fought on. “Is it not time,” he asked, “that we should demand that American priests should be released from the abuse of ecclesiastical authority which makes them political slaves?”<sup>14</sup> And his question “Is an American citizen, because he is also a Catholic priest, to be held to answer before a foreign tribunal, because of his actions in American politics?” was answered, it would seem, by Fr. Sylvester Malone, who said: “Archbishop Corrigan has no right whatever to interfere with Dr. McGlynn in the exercise of his political opinions, freedom to express which his American citizenship entitled him.”<sup>15</sup> And apropos of Fr. McGlynn feeling impelled to go to Rome, Fr. Malone asked: “Why should he? He is not accused of any fault as a priest. He is not accountable to Rome for his opinions on political economy.”

On January 14th McGlynn was removed from St. Stephen’s. Fr. Arthur Donnelly (brother-in-law of an ex-treasurer of Tammany Hall) was appointed to succeed him. The newcomer took possession without notice, even attempting, against the resistance of the two maids, to install himself in the private room which McGlynn had used for twenty years; giving the erstwhile rector no time to transfer his books or papers or personal effects.

<sup>12</sup> *The Standard*, Jan. 8, 1887, Vol. 1, No. 1.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*, Jan. 15, 1887, Vol. 1, No. 2.

<sup>15</sup> *Ibid.*, April 9, 1887. Vol. 1, No. 14.

Fr. Donnelly proceeded then to remove Dr. McGlynn's name from his confessional and later, attended by a police captain, went so far as to enter the church and order the two of the eight assistant priests who happened to be hearing confession, and those parishioners who had come for devotion, out of the place. Bitterness and hysteria ran high in the vicinity of St. Stephen's for Dr. McGlynn was adored by his flock. Wrote George:

Archbishop Corrigan has done his worst and has done his worst in the worst possible way. Dr. McGlynn has been removed from the church he has built up, and from the people to whom he was the very ideal of all that a pastor ought to be; and the removal has been accomplished by circumstances calculated to scandalize the church, outrage the priest, irritate the congregation and disgust the public.<sup>16</sup>

Mass on that first Sunday<sup>17</sup> of Father Donnelly's pastorate was held under difficulties. The church was bitterly cold as the engineers had refused to make the fires. The choir and altar boys all having gone on strike, the service was long in starting.

The anger of thousands of Catholics was shown at a monster meeting held in Madison Square Garden<sup>18</sup> to honor Michael Davitt, and which was turned into a protest in favor of McGlynn. Through all this excitement the suspended priest kept a dignified silence but on the 29th of March he held a meeting in the Academy of Music and delivered a fiery address on "The Cross of the New Crusade" to a large audience composed chiefly of his old parishioners. Following the meeting a group formed to promulgate education on the land question and to point the way to attack involuntary poverty. It had its inception in the brain of Thomas L. McCready of *The Standard staff*. George explained:

The purpose of the Anti-Poverty Society is not that of forming a new church. It will welcome to its ranks those of all creeds who desire to join it. It is not a political society, for though its aims may be practically realized through politics its purpose is that to which political action is secondary—to arouse conscience and excite thought. It is not a class society. Its object is to secure justice to all—to the capitalist as well as to the workman, to the employer as well as to the employed, to the rich as well as to the poor. It is not a charitable society. It does not propose to give alms or to attempt to alleviate poverty by half-way measures. It declares war against the cause of poverty itself. . . . On this broad platform men of all classes and all creeds may stand.<sup>19</sup>

<sup>16</sup> *The Standard*, Jan. 22, 1887, Vol. 1, No. 3, Editorial.

<sup>17</sup> Jan. 16, 1887.

<sup>18</sup> Jan. 23, 1887. See *The Standard*, Vol. 1, No. 1, Jan. 29, 1887.

<sup>19</sup> *Ibid.*, May 7, 1887, Vol. 1, No. 18.

Edward McGlynn was chosen president and Henry George, vice-president. The first public meeting was held at Chickering Hall on the night of May first. Thousands unable to enter were turned away. McGlynn made the chief address. George wrote of it in *The Standard*:

The significance of the great meeting of the Anti-Poverty Society at Chickering Hall is the marriage again of what too long have been severed—the union of a religious sentiment with the aspiration for social reform: of the hope of heaven with the hope of banishing want and suffering from the earth. . . .

The simple words, "Thy Kingdom come, Thy will be done, *on earth* as it is in heaven," as they fell from the lips of a Christian priest who proclaims the common Fatherhood of God and the common brotherhood of man; who points to the widespread poverty and suffering, not as in accordance with God's will but in defiance of God's order, and who appeals to the love of God and the hope of heaven, not to make men submissive of social injustice which brings want and misery, but to urge them to the duty of sweeping away the injustice—have in them the power with which Christianity conquers the world.<sup>20</sup>

On the following Sunday the Anti-Poverty Society meeting was held in that huge theater, the Academy of Music, and Henry George was the chief speaker. The attendance and the enrollment of members were great. Denunciation and ridicule meted out by the press only served to advertise the weekly gatherings and to help them grow in size.

Early in May, Archbishop Corrigan informed Dr. McGlynn that he had been summoned to Rome and had forty days to comply or be excommunicated. Dr. McGlynn repeated his former statement that grave reasons would prevent his making the journey. While the priest seemed to have the newspapers and the powers-that-be against him, the larger part of his erstwhile congregation and thousands of others had joined the movement he was espousing. A tremendous parade and demonstration was held in his honor<sup>21</sup> and as a protest against the threatened excommunication.

The forty days of grace passed and on July 3rd, Dr. McGlynn having made no move toward Rome, the bolt fell. From the Church he loved and had served for twenty-five years, the priest, whose private life had been exemplary and free from any breath of scandal, was excommunicated.

And Edward McGlynn was not the only priest to suffer unjustly. Several others who were known to have sympathized with him in his stand for freedom of expression, were sent from Manhattan to less important parishes. His life-long friend and legal adviser, Dr. Richard Lalor Burtsell, noted

<sup>20</sup> *The Standard*, May 7, 1887, Vol. 1, No. 18, "The New Crusade."

<sup>21</sup> Saturday night, June 18, 1887.

ecclesiastical jurist, was demoted from high diocesan honors and was, a few years later, transferred from his large parish, the Church of the Epiphany,<sup>22</sup> in the city of New York to a little church<sup>23</sup> in Rondout on the Hudson. The Archbishop, in his statement to the Propaganda, said in explanation of this priest's removal, that he had the name of being "not only a personal friend of Dr. McGlynn's but also the leader of those few discontented priests who more or less sustain Dr. McGlynn, and moreover the counsellor, defender and abettor of the latter."<sup>24</sup>

The Archbishop went so far as to prevent the burial in the Catholic cemetery of two people who, though they had been above reproach in their church duties, had attended the Anti-Poverty Society meetings. Hysteria was not confined to McGlynn sympathizers!

On August 17th, 1887, a New York State convention of the United Labor Party was held in Syracuse. The Socialists, although they had supported George and his platform the year before, now tried to swing the party in their direction. Just as in England George had refused to accept the socialistic dictum of state regulation, so now in America he could not accept it. Moreover the majority in the United Labor Party, agreeing with him, did not advocate the nationalizing of capital or the abolition of all private property in the "instruments of production." Bitterness resulted and the Socialists withdrew.

George was urged to accept the nomination for Secretary of State. He did not want the office nor did he think it good political policy to run at this time. However, it was an undeniable fact that an active campaign would bring his philosophy into active discussion. And possibly the intimation that the reason he was holding back was because he feared defeat at the polls, influenced him. He decided to accept the nomination,<sup>25</sup> saying:

For my own part it concerns me little what the result shall be. All that concerns me is that I shall do my best. For no matter what the setbacks, no matter what the temporary defeat, in the long run the good will triumph.<sup>26</sup>

He waged an active campaign all through the State, accompanied by several reporters who, early in the trip, complained to Mrs. George of the

<sup>22</sup> Second Avenue at 22nd Street.

<sup>23</sup> Church of St. Mary.

<sup>24</sup> Stephen Bell, *op. cit.*, p. 128.

<sup>25</sup> Aug. 21, 1887, at the Anti-Poverty Society.

<sup>26</sup> *The Standard*, Aug. 27, 1887, Vol. 2, No. 8.

difficulty of their work, for since the candidate spoke extemporaneously and never repeated a speech, they had to keep constantly on the *qui vive* and got no rest.

This campaign brought to the forefront of George's ranks the scholarly publicist, William Lloyd Garrison, son of the great abolitionist. He had been won through his reading of "The Peer and the Prophet" and now spread the George doctrine from lecture platforms.

Dr. McGlynn, Louis F. Post, Rev. Hugh O. Pentecost, minister of a large Congregational church in Newark, New Jersey, Judge James G. Maguire of San Francisco, one of the first of George's converts, and others travelled over the state, campaigning for what was then beginning to be known as the "Single Tax" movement.

This name was first used as the title for an address delivered before the Constitution Club of New York,<sup>27</sup> by Thomas G. Shearman who culled it from Book VIII, Chapter IV, of "Progress and Poverty" where the author suggests "substituting for the manifold taxes now imposed—a single tax on the value of land." The label came to be widely used although Henry George and many of his followers knew it did not describe their philosophy of freedom but only indicated the fiscal means for applying that philosophy.

Money for the political campaign was, of course, scarce. Enough, however, was collected at meetings, from small outside donations and from a huge fair held for three weeks at Madison Square Garden, under the auspices of the Anti-Poverty Society, to pay for the dissemination of nearly a million tracts and to carry on a widespread and effective propaganda.

But all of this was of little avail against the power of the two big political parties plus the Socialists and the Catholic Church. One of the disappointments of the campaign was the turning of Patrick Ford, who in three successive articles in *The Irish World*, took the part of the church authorities, failing to make the distinction between priests as men with political preferences and as spiritual teachers. Ford ignored the fact that five years previously it was he who invited Dr. McGlynn into the Land League fight, at the time when Michael Davitt had come over from Ireland and when the priest had made speeches that brought upon him his first ecclesiastical censure.

The so-to-speak respectables were as little enthused about George as heretofore. Chauncy M. Depew sneered at "the strange and extraordinary theories of Henry George"<sup>28</sup> and Theodore Roosevelt delivered a speech

<sup>27</sup> Held on Jan. 12, 1887. See *The Standard*, May 28, 1887.

<sup>28</sup> Henry F. Pringle, "Theodore Roosevelt—a Biography," New York, Harcourt Brace and Co., 1931, p. 113.

against the "utterly cheap reformer"<sup>29</sup> in which he said "it is only a step from land confiscation to anarchy."<sup>30</sup> George never advocated confiscation of land and at that time to infer his association with anarchy implied contempt.

*New York*

<sup>29</sup> As he designated Henry George in a letter to Brander Matthews written on Nov. 2, 1892, and quoted in Pringle, *op. cit.*, p. 112.

<sup>30</sup> *Op. cit.*, p. 116.

## • C O M M E N T •

### On the Origin of Communication

CARELESS PROOF READING on my part permitted a flagrant error to appear in my article, "Mediation in Cultural Perspective" (AM. JOUR. ECON. SOCIO., Vol. 4, July, 1945), in connection with a theory of the origin of communication. The error lies in the third sentence from the top of page 450. It can be corrected by inserting the phrase "and to use the tool merely" after the word "alone" in the fourth line. But the meaning intended can be more clearly stated by changing both the third and fourth sentences to read as follows: "It is only a step to concentrate on the absent aim and to use the tool merely as the carrier of the meaning or what *was* the intended aim. Thus the old tool takes on a new function and becomes thereby a new tool. The miracle of communication is enacted."

Although this theory of the origin of communication is merely incidental to the main point of the article, the Editor has generously suggested that in correcting the error it might be worth while to enlarge a bit on the general theory. I do so with some diffidence. Although I know of no anthropological or psychological evidence which contradicts the theory, yet it is an *a priori* account deduced from a theory of human nature that views intelligence generally as a social phenomenon which emerges and develops with the co-operative use of tools. And although such *a priori* procedural means are common occurrences in the nature sciences, even from one special field into another, yet some social scientists are skeptical of the value of the method, if they are not completely ignorant of it.

If I am not mistaken the theory of the individual involved is the same as Dewey's instrumentalist concept of human nature, and the same as the theory which underlies C. E. Ayre's exciting account in "The Theory of Economic Progress"<sup>1</sup> and George Raymond Geiger's pioneering work, "Towards an Objective Ethics"<sup>2</sup>. I believe it does not differ essentially from M. C. Otto's theory in "The Human Enterprise"<sup>3</sup> or from George H. Mead's theory in "Mind, Self, and Society"<sup>4</sup>. Norman Cameron<sup>5</sup> and some

<sup>1</sup> Chapel Hill, University of North Carolina Press, 1944.

<sup>2</sup> Yellow Springs, O., Antioch Press, 1938.

<sup>3</sup> New York, Crofts, 1940, especially ch. VII.

<sup>4</sup> Chicago, University of Chicago Press, 1934.

<sup>5</sup> Cf. "The Development of Paranoic Thinking," *Psychol. Rev.*, Vol. 50 (1943), pp. 219-33, and "Individual and Social Factors in the Development of Graphic Symbolization," *J. Psychol.*, Vol. 5 (1938), pp. 163-84.

other psychologists who are acquainted with useful clinical concepts use the same or a very similar theory of the individual.

However, since the theory of communication differs radically from current popular semantic theories, it may help to clarify matters if we state briefly the distinguishing feature of the general theory of human nature and the specific theory of communication involved.

What the semanticists fail to see generally is that the locus of the human individual is not restricted within the skin of the biological organism but literally includes as interacting constituents certain social-environmental factors. Hence in the meaning relation, the symbol, as an existent affair, is located by the semanticist in the individual who uses it, while the referent of the symbol is taken to lie beyond the confines of the individual who means it or refers to it. Thus the semantic explanations of meaning lose the advantage which can be had with a theory of the individual which allows a literal meaning to the phrase, *a common aim*. For if the individual is literally the environment-and-organism-in-interaction, the aim of an intention (which, on this theory, develops into the referent of a symbol) is at least as much an existential part of the communicating individuals as are the symbols which they mutually employ.

An aim, which can become more precisely delineated in anticipation by the use of tools which specifically help to realize it, is literally a part of the individual's environment. It is not merely an incomplete (*unclosed*) physiological tension but is a physiological-social or physiological-cultural tension. This is emphatically the case where aims become common to two or more individuals through the co-operative use of the same tool (either the same identical tool or the same kind of tool). For example, two individuals who use the same fire brand for building a fire could readily come to experience the fire brand as meaning (as pointing to) the operations of building a fire. If then, one of these individuals wished vaguely to suggest to the other that the second build a fire, he might simply pick up the fire brand and hand it to the second individual. If the process worked, the first individual might well try it again. Indeed, he may have discovered the fact of communication accidentally, and found it to be an *intentional* exchange of meaning only in retrospect. Thus a secondary result of an intended function becomes a primary function capable of deliberate intention. If the inventor (or discoverer) is imaginative, he might begin to generalize his behavior by using other tools for this new "secondary" function. Doubtless the behavior would be accompanied by various more or less specific sounds or gestures, and by sheer conditioning (if not with a

certain felt appropriateness of certain sounds and gestures—a *Gestalt* phenomenon) a particular set of sounds or gestures could well be substituted for the fire brand as the means of performing the new "secondary" function of communication. Some individual with theoretical interests (*i.e.*, with an interest in tools as such) might take upon himself the perfecting of sounds and gestures for the purpose of communicating operations which lead to the accomplishment of certain aims without himself having to do more than utter the sounds or perform the gestures. But others might very soon "catch on," and communication would be a *fait accompli*.

The feature which marks such activity as *communication* (as over against a blind response such as the return of the chicks to the mother hen) is the commonly anticipated aim (or the operations which accomplish the aim and thus include it). These being absent physically yet present in anticipation (as that which will release the specific tension) constitute the original meanings of primitive communicative symbols.

Although this theory does not resolve all the mysteries of communication, it at least localizes the problem so that it can be attacked experimentally with children and perhaps with certain abnormal adults and some higher primates. Its implication for the serious practical semantic problem of our time is the definition of the problem as one of *establishing* constructive *common aims* which can be carried out in co-operative endeavor. It is the existence of unknown or unintended consequences of what should be (according to habitual expectation) *deliberate* activity which makes clear communication with others and with oneself a difficult problem. As habitual aims take on conflicting consequences, frustration of intentions is bound to occur.<sup>6</sup> According to our theory, unknown frustration of intention is *ipso facto* a slower frustration of communication. Irrational mysticisms flourish in such an atmosphere, and "communication" or "thought" becomes identified with the utterly ineffable or with what some semanticists might call the *purely* "emotive function of meaning."

If a *common aim* is literally what the term says, then it is not enough, in order to maintain communication, that rulers or bosses have an aim (however "beneficent" and clear) with "power" of ordering, propagandizing, and co-ordinating actions of many individuals to realize it. Sooner or later these "co-operating" individuals will experience one another as indifferent strangers and eventually as enemies who are inherently incapable of understanding. Invidious common aims, however, can flourish under such conditions, and demagogues can exploit them to advantage (for a

<sup>6</sup> Cf. John Dewey, "Individualism Old and New," New York, Minton, Balch & Co., 1930, especially ch. IV.

time) around such slogans as race, class, or nation, or other "simple aims" readily "understood" by frustrated individuals. The accelerated development of such conditions constitutes the decay of capitalist civilization, and the only way I know of deliberately promoting common aims in the face of these circumstances is through *experimental mediation* as I have tried to sketch it in "Scientific Mediation—Tool of Democracy."<sup>7</sup>

HORACE S. FRIES

*University of Wisconsin*

<sup>7</sup> *Antioch Review*, Vol. 5 (1945), pp. 388-401.

• R E V I E W S •

**The Revolution in England**

By LOUIS WALLIS

POPULAR IMAGINATION has been impressed by the revolutionary period of English history when King Charles I was beheaded for being a tyrant. Historians have dealt with outstanding events, but have either ignored, or touched lightly upon, the more fundamental facts of this epoch. The deficiency, however, is now in process of gradual cure; and the Haller-Davies edition of the "Leveller Tracts"<sup>1</sup> is one of many scholarly attempts to recover the real past.

This compact mass of material cannot be rightly understood unless its economic and political background is clearly perceived. The political unrest of seventeenth-century England was marked by demand for "free government," "the rights of the people," etc. And while these rallying-cries were useful in the evolution of democracy, they did not actually come from "the people." They grew out of tension within the framework of property-and-power which constituted "the State." The proprietary class was divided into a right wing of Tory landholders, devoted to absolute royal power and the exploitation of their agricultural tenants; while on the other hand, there was a left wing of Whiggish landholders whose property stood connected, in one way or another, with the rising industrialism and commercialism of the towns and cities.

The struggle came to a head around the King's claim that the Crown could rightfully manipulate the fiscal power of the State according to the royal wisdom and pleasure. The King and the non-industrial aristocracy took the view that Parliament was not an agency of national freedom, but a kind of robot-machine for the registration of royal and aristocratic despotism. This view found its main citadel in the House of Lords, which was the stronghold of Toryism. But on the other hand, the majority of the House of Commons, being connected, in one way or another, with trade or manufacture, knew the peril to themselves if the fiscal power were to be treated forever as a prerogative of the Crown; because in that case, the King, acting on the advice of Tory counsellors, could stifle industry by over taxation, while at the same time exempting, or under-taxing, the old-fashioned landed estates of the reactionary nobles.

<sup>1</sup> *The Leveller Tracts (1647-1653)*, edited by William Haller and Godfrey Davies, New York: Columbia University Press, 464 pp.

One of the difficulties of the situation was that the King's theory of Parliament was more nearly accurate than that of his opponents. The national body of law-makers was at first an indiscriminate assemblage without any House of Lords or House of Commons; the King's writs called for the attendance of different sorts of people from all over the country; but these persons were not (as might now be supposed) representatives with powers delegated by constituents according to modern practice. To put the matter bluntly, the burgher-members were called up as tax-informers, to tell the King and his reactionary landed magnates how much property the newer economic classes possessed.

Early Parliaments may, indeed, be defined as the land monopolists of England in convention assembled; while the humble representatives of the burgs were not expected to speak in open session, but merely to be "mute and audience." The real work of law-making was done wholly behind closed doors; and not until matters had been arranged in the background was there any formal, or public, voting of taxes. The burgher members were naturally interested in concealing their wealth, as much as possible; and their failure to protect themselves against the Fisc is evident when we consider the growing importance of the wool trade for the Exchequer. The reactionary, privileged classes, in league with the Crown, were constantly seeking to shift the tax load upon the growing industry of England; their success being symbolized by the "wool-sack" on which the Chancellor sat in public session. This object was at first a literal sack of wool; but it now stands in the House of Lords as a heavy cushion, covered with red leather, and symbolizing the fiscal triumph of the landed interest over industry and commerce.

Oliver Cromwell came to be identified with the new and rising economic power of England, which flung itself against the medieval monarchy in opposition to the older practice of the Fisc. And since Parliament, up to his time, was a cloak for virtual dictatorship, Cromwell had to form a dictatorship of his own. He made use of the fiscal power to tax the great estates of the Tories more heavily, and thus to restore the balance between the right and left of the property class. And while he did many things which have influenced the evolution of modern democracy, he did not believe in what is now called "the People."

It is just here that the "Levellers" come into play. The outstanding leader of the movement was John Lilburne; but there were many like him. He was a soldier in the Parliamentary forces operating against the King; but he soon left the army, and began to struggle for his economic and

political rights as a private citizen. The Levellers, like other protesting groups before and since, were misunderstood and misrepresented by their enemies. Their aim was not to bring everybody to a single economic level; but their primary object was to level the park palings and high hedges which aristocratic enclosers of common lands erected around the fields and forests which they stole from the people. This puts an entirely different face on the matter!

The new reformers gradually came to realize that the Cromwellian party had used high language about liberty and the rights of the subject in order to enlist the lower middle class on their side against the Monarchy. And then the Levellers found that after the King was executed, and his reactionary supporters quelled, the capitalistic faction of the property class had no further use for doctrinaire politics. In other words, the Puritanical government of "the saints" was just as heedless of the city artisans, the small proprietors and peasants as the King's government had been of the industrialists. And so far as the rights of the great, unorganized mass of the people were concerned, the pressure of land monopoly and inequitable taxation was just as intolerable as before.

Thus, in the tract entitled "The Case of the Armie truly stated," the burden of the argument is against "monopolies, restraint of free trade, inequallities of Assessments, Excize," etc. (p. 66). The common lands ought to be reserved and improved for a constant revenue for the State; so that the people may not be burdened, and that out of the revenues of these lands "publique" debts may be paid (p. 81). The tract called "A Declaration of Some Proceedings" makes a plea against "restrictions of trade" by monopolies. The fact is pointed out that heavy taxes are laid upon small traders because "all persons of large Revenues in Lands bear not the least proportionable weight of that burthen." The truth is emphasized that "Its your Taxes, Customs, and Excize that compells the Country to raise the price of food" (pp. 111-28). A tract called "The humble Petition" asks that all recent enclosures of the commons be laid open again, or that they be maintained for the benefit of the poor (p. 152).

The foregoing citations are fair samples of complaints running through the Leveller material, in one form or another, and from various points of approach. It is clear that Lilburne and his fellow agitators had no scientific perception of social problems, and no consistent program. They wanted someone else to do the detail work of reform. But there was nobody in the "governing class" who had more instructed views than the Levellers themselves; and so the situation went by default. The Cromwellians,

puffed up with power, alienated not only the old aristocratic element, but also the mass of the common people. The political pendulum swung over; and the Stuart dynasty came back.

*Forest Hills, N. Y.*

## The Politics of Social Reform

*Confronting the Land Question.* By Jackson H. Ralston. Bayside, N. Y.: The American Association for Scientific Taxation, xxi + 104 pp., \$1.

For fifty-odd years Jackson H. Ralston has battled for land reform. Often he has been beaten but never has he been really discouraged.

Judge Ralston's last appearance in politics was in California, in 1938, when he sought to defeat the sales tax by the adoption of an amendment to the State Constitution. The intention of the amendment was admittedly good. It provided that within nine years, all taxes (except gasoline taxes) should be removed from improvements and tangible property and that the levy on land values should be proportionately increased. It certainly would have stimulated business and encouraged the most economical use of land. Yet, those who might have derived the greatest benefit from the change struggled most bitterly against it. Once more Mr. Ralston witnessed defeat. This time, however, he decided to do something about it and the present book is the result of that determination. It inquires into the California failure and others that Mr. Ralston has suffered and suggests a number of changes in the over-all land reform program to the end that it may secure a better reception from future electorates. The observations made, based as they are on long experience, will be of interest to all who look inquiringly towards the political future of this movement.

Addressing himself particularly to "Single Taxers" (he admits to being one of them), Mr. Ralston outlines twelve steps which he believes the followers of Henry George should take at once.

First, he says, statistical data must be amassed to show the benefits of land reform to city dweller and to farmer. Then, he counsels, each worker must acquaint himself with the legal machinery necessary to install his reform as law. Thirdly, an attitude of open-mindedness must be cultivated towards changes necessary to overcome existing prejudices.

One of these needed changes, he says, is to adopt a system of compensation for present land owners. This compensation he limits to no more than the amount of the original investment, but to deny even that, he warns, is to handicap seriously any chances of success.

In a chapter entitled "Special Situations," Judge Ralston advocates gov-

ernment ownership of waterpower, forests, pipelines and other transportation, including air, all of which involve the monopolistic use of natural opportunities. Forestalling his critics, the Judge says, "Withal we must hark back to the fact that all we are asking is that the government shall use and exploit its own property which cannot be used privately unless endowed by the government with special faculties, such as the power of eminent domain, properly only enjoyed by the community and necessarily monopolistic in character. The broad field of private endeavor is left untouched. This is accepting socialism only so far as social requirements demand."

The book is interesting and provocative of thought. It may encourage other investigations along similar lines and lead, finally, to the solution of the pressing problem of how to get land reform measures on the statute books.

V. G. PETERSON

*Robert Schalkenbach Foundation*

### International Protection of Minorities

*League of Nations and National Minorities.* By P. De Azcárate. Washington: Carnegie Endowment for International Peace, 1945, viii + 216 pp., \$2.00.

The Carnegie Endowment for International Peace, in the course of its survey of experience in international administration, has issued, so far, five "Studies in the Administration of International Law and Organization." The monograph under review, the newest of this series, was published shortly before the end of the war. It should be of special interest, therefore, when the United Nations Organization will be called upon to plan the machinery and draft the procedures for dealing with the minority problem in the future. The book "will also be of general value as a record of efforts to establish effective co-operation between national and international authorities in dealing with a question once regarded as being of purely national concern" (from the Foreword by George A. Finch, Director of the Division of International Law of Carnegie Endowment).

The question of national minorities in Europe is a complex problem which the old League of Nations supposedly was not able to "resolve"—because problems of a political and social nature are not "as susceptible of solution as those of physics and mathematics"! (Preface of the author.) Dr. de Azcárate, who, for twelve years, directed the Minorities Questions Section of the League of Nations, believes that "what is needed is the establish-

ment of adequate juridical and political institutions, according to the circumstances of the moment, in order to prevent the existence of these minorities from becoming a threat to peace, both internal and international" (Preface, p. vii).

The first chapter of this Carnegie Study No. 5, which has been translated from the Spanish by Eileen E. Brooks, gives some general considerations, based on those twenty years of experimenting in the international protection of national minorities. *Real and effective equality* within the State between the majority and minorities, equality of treatment and before the law, equality of civil and political rights are the "cornerstone" of the problem, according to the book. Because "those entrusted with the mission of protecting minorities have to carry out their duties in the midst of the strongest political passions, and to intervene in what constitutes the most sensitive sphere of the political life of a country," "it is essential that the international organization for the protection of minorities should be not only entirely impartial but free in its origins and constitution from all taint of injustice or privilege" (p. 27).

The small, very attractively bound volume which, in the United States, is distributed by International Documents Service, Columbia University Press, New York City, and whose subtitle significantly enough reads "An Experiment," quite logically describes the various national minorities of Europe. The most important fields of experiment were Poland, Czechoslovakia, Rumania, Bulgaria, Hungary and Yugoslavia as well as Greece, Albania, and Turkey. Minor ones were Finland and the Baltic countries: Latvia, Estonia, Lithuania.

A special section, Chapter V, however, is dedicated to Upper Silesia, "the most complete and elaborate" of all experiments in Central Europe and the Balkans, which in Azcárate's opinion "constitutes the only precedent for a system to which recourse may conceivably be had in the future when dealing with political difficulties created by the existence of national minorities." As has been the case in Upper Silesia, where Felix Calonder, former President of Switzerland, was president of the mixed control commission for fifteen years, nothing is more likely to contribute to success than "the despatch to the territory in question of an international agent, entrusted with the task of settling the difficulties on the spot" (p. 160).

Chapter III, about Rights and Duties of the Minorities, goes into further details regarding the above mentioned equality; objects of an international system for minorities are not only the guarantee of *negative equality*—protection from danger of discrimination—but also definite privileges, *i.e.*, a

*positive equality* "which insures to the minorities those conditions required for the preservation and development of . . . national consciousness and particularly their language" (p. 58). The inclusion of the only general provision in the Minorities Treaties of 1919 guaranteeing to all inhabitants, to foreigners as well, protection of life and liberty, is lacking in logical justification, our authority writes. The universal character of this clause dealing with fundamental rights of the human personality would have asked for its inclusion in the Covenant of the League of Nations.

How did the peace treaties after 1914-1918 and the League as protector of minorities handle the whole problem? In Chapter IV, P. de Azcárate gives an account of his own experience during the twelve years, "during which we were faced with continual difficulties in our endeavor to achieve the maximum efficacy within the framework of equity and justice" (p. 92). Whatever the results of these experiences with minorities within the Geneva institution—in the appendix there is a full reprint of the Report of the Committee instituted by the Council Resolution of March 7th, 1929, reproduced from the League of Nations' Official Journal, Special Supplement No. 73—the former Spanish professor of international law predicts that the meaning of the classic formula "Every nation a State and every State a nation" will change; "there are manifold indications that a Europe is moving towards the establishment of new political forms based on wider political concentrations (States), within which the 'nations' will find appropriate conditions for the preservation and development of national values" (p. viii).

PAUL UCKER

New York

## The Causes of War

*War and Its Causes.* By L. L. Bernard. New York: Henry Holt & Co., Inc., 1944, 478 pp., \$4.25.

The author is professor of sociology in Washington University, St. Louis. Issuing this book in the midst of World War II, he proclaims at the outset his hope that from the struggle "would grow a peace so wisely made that the like of this war would never again be possible" (Preface, vii). The book stands for total objectivity and scientific method; but back of it is a democratic, humanitarian impulse.

The labor of preparing the volume was tremendous. It is encyclopedic; and for one who is confused by the modern literature on war, this treatise is a good place to begin. The general reader will hardly need to go beyond

it. Certain scholars, whose interpretation of "objectivity" carries them into a realm beyond that in which the categories of democracy and social justice are trying to become articulate, will feel some aversion for the book. That type of scholarship is a hang-over from inter-and-pre-World War times; and its influence will be overcome by such writers as Bernard.

The outstanding ideas of the book are not presented as abstractions evolved *a priori*; but they appear inductively with reference to historical sketches and perspectives. Thus, its chapters take such headings as "Origin and Prevalence of War"; "Evolution of Warfare"; "Time and Space Distribution of Wars"; "Causes of War Classified"; "Imperialism as a Cause of War"; "The Economic Causes of War." The final chapter, "What Can Be Done About War?" contains more economic wisdom (pp. 454-5) than most sociological writers have put on exhibit. If concrete programs embodying the author's "Sixth Proposal" were generally to become law, the problem of controlling the new atomic power would not seem so terrifying. The ideological background of the treatise becomes clear in the following sentences, reproduced from the final chapter:

"If the economic system of each country could be returned to a policy of producing primarily for the home market, with an international exchange only of surpluses and of goods not produced at home, . . . there would be less surplus wealth accumulated in the hands of few. . . . Such a system would not abolish international trade nor would it lessen friendly international contacts. Exchange of goods would go on, but it would be an exchange to the mutual advantage of the actual consumers who could not produce equally well those goods for themselves" (p. 455).

LOUIS WALLIS

*Forest Hills, N. Y.*

## Contributors

FRANCIS NEILSON, LITT.D. (Ripon Coll.); last of the English Constitutional Radicals; former member, the British Parliament; author, "The Old Freedom," "The Eleventh Commandment," "Control from the Top," "Man at the Crossroads," "Sociocratic Escapades," "How Diplomats Make War," "The Tragedy of Europe," "In Quest of Justice," etc. Founder and editor, the old *Freeman*, etc.

BRYN J. HOVDE, PH.D., is president of the New School for Social Research, New York.

RAYMOND E. CRIST, D.ÈS.S., chief, department of economic geography, University of Puerto Rico. Formerly on leave to the Rubber Development Corporation; American Field Service fellow, Institute of International Education, at Grenoble; Guggenheim Fellow in Andean South America; geographer, University of Illinois. Contributor, *The Scientific Monthly, Geographical Review*, etc.

PATRICK T. QUINLAN, priest of the Roman Catholic Diocese of Hartford (Connecticut) and regional director of the National Catholic Rural Life Conference, has been for years a leader in the rural life movement.

HARRY GUNNISON BROWN, PH.D., L.H.D., professor of economics, University of Missouri. Author, "Basic Principles of Economics," "Economic Science and the Common Welfare," "The Taxation of Unearned Incomes," "The Economics of Taxation," "Principles of Commerce," "International Trade and Exchange," "The Economic Basis of Tax Reform," etc. Contributor, professional journals, etc.

KAETHE MENDELBERG, PH.D. (Heidelberg, '18), lecturer in sociology, New Jersey College for Women. Formerly, instructor in economics, Iowa State College; research assistant, Chamber of Commerce, Wuppertal-Elbergeld, Germany; professor of economics and sociology, University of Frankfurt; assistant professor, Handels-hochschule, Mannheim. Author, *Agrarpolitik, In Theorie, Geschichte und aktueller Problematik*, etc. Contributor, *Archiv fuer Sozialwissenschaft, Soziale Praxis*, etc.

DONALD A. MACLEAN, S.T.L., PH.D. (Catholic U.), (McGill, Harvard, Canadian Royal, Geneva School of Int'l Studies, post-grad.), associate professor of social and international ethics, Catholic University of America, Washington. Created domestic prelate with style of Right Rev. Msgr. by Pope Pius XII. Member, Académie Diplomatique Internationale. Author, "Christian Industrial Democracy," "A Dynamic World Order," "Permanent Peace Program of Pope Benedict XV," etc.; contributor, *The Catholic Historical Review, The International Journal of Ethics*, etc.

JOSEPH S. ROUCEK, PH.D. (political science, N.Y.U., '28), M.A. (sociology, '37), professor and chairman of the department of political science and sociology, Hofstra College. Formerly, instructor in education and lecturer in social studies, New York University, etc. Author, "Contemporary Roumania and Her Problems," "Politics of the Balkans," etc. Contributor, *Sociology and Social Forces, School and Society, Social*

*Science, American Sociological Review, Journal of Educational Sociology, Economic Geography, etc.*

WILLIAM BENTON is the Assistant United States Secretary of State in charge of public affairs.

SAUL COHN, member of the New York bar, is president of the City Stores Company, New York, and chairman of the post-war planning committee of the National Retail Dry Goods Association.

JOHN C. WEAVER is a Pittsburgh social worker.

ANNA GEORGE DEMILLE, president of the Board of Trustees, Henry George School of Social Science, New York, and director of the Robert Schalkenbach Foundation, New York, is the sole surviving child of Henry George. Editor, "Progress and Poverty, Abridged."

HORACE S. FRIES, PH.D., is associate professor of philosophy, University of Wisconsin.

LOUIS WALLIS, author and lecturer, secretary of the Joseph Fels Foundation. Formerly, instructor in economics and sociology, Ohio State U.; member, U. S. Department of Labor. Author, "Sociological Study of the Bible," "God and the Social Process," "The Bible is Human," "The Struggle for Justice," "Safeguard Productive Capital," etc.

V. G. PETERSON is executive secretary of the Robert Schalkenbach Foundation, New York.

PAUL UCKER, PH.D. (Zürich); formerly editor *Swiss Journal*, San Francisco, and formerly economist Wells Fargo Bank, San Francisco, is a New York journalist.

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